The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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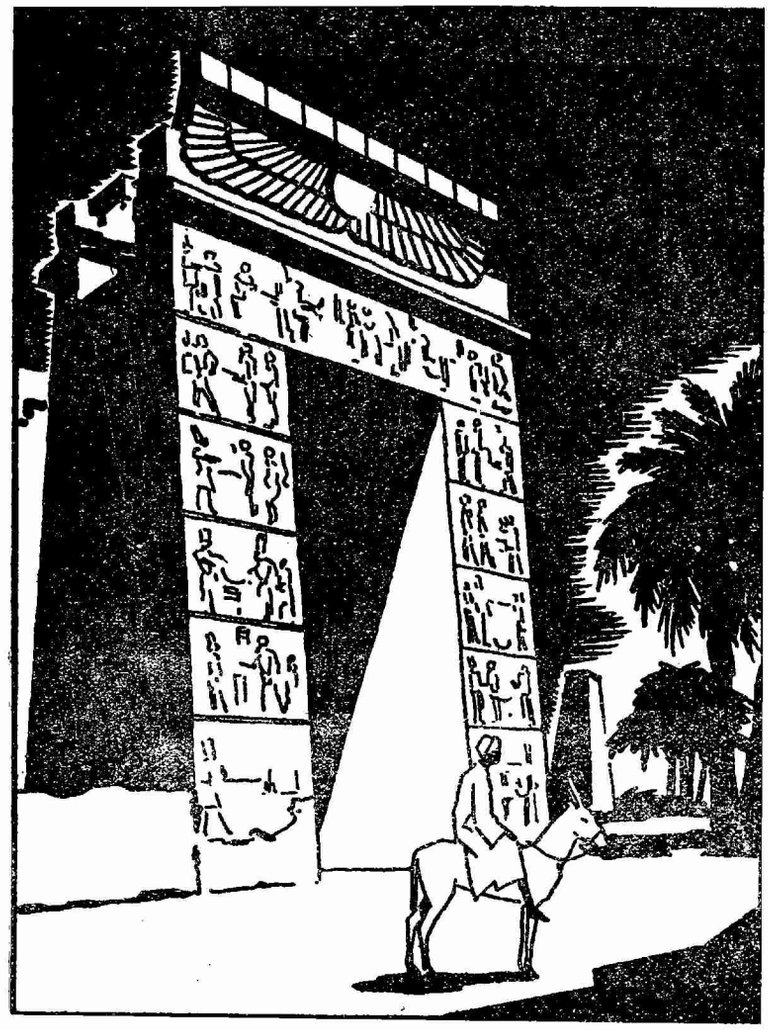

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WASHINGTON OFFICE
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INCREASED COMPETITION IN TRANS-PACIFIC SHIPPING

RECENT events indicate that intense competition is developing in the shipping business across the Pacific—particularly for the passenger traffic. Things have changed very much since the years during and immediately following the Great War, when the Japanese shipping firms were so sure that they would dominate the Pacific that they developed grandiose plans for making Kobe a great transhipping port for the whole Far East. Quite a different picture is presented at the present time, for, instead of the Japanese extending their trans-Pacific shipping services, they have instead actually considerably constricted them. The two principal Japanese lines, the Nippon Yusen Kaisha and the Osaka Shosen Kaisha came to an agreement about a year ago to drop a number of the ships on their trans-Pacific lines: in fact the O. S. K. has abandoned its trans-Pacific service entirely. The dropping out of the O. S. K. has been a matter of particular interest to Americans, in that in the "old days" its steamers carried as their principal cargo the goods of a Chicago mail order house which before the European war and the advent of Chinese department stores did an enormous business with this country. Said mail order house did such a large business out here that it was able to arrange with the Chicago, Milwaukee & St. Paul railway (working with the O. S. K.) for a through rate to China for its customers on a weight basis regardless of measurement, that worked out at less than half of what Americans themselves paid for shipments to the West Coast of America and indeed for many points between Chicago and the coast.

American shipping companies, and also a few lines operated under European flags, promptly put ships into the trans-Pacific service to fill the breach thus left by the Japanese.

Up until recently the principal competition has been between the Dollar steamers flying the American flag, and the Canadian Pacific steamers flying the British flag. The Canadian boats have a slight advantage in speed, but are only able to maintain a weekly service, whereas the Dollar Company is in a position to send a boat out of Shanghai across the Pacific every week, alternately to San Francisco and to Seattle — the latter service being run under a separate company known as the American Mail Line. When the

Dollar Company a year or so ago, began to cut down the time of the stops of its steamers in Japanese ports so as to land freight and passengers on the other side in the same length of time as their Canadian competitors, the latter also began to cut down the length of their Japanese stops. The net result has been that the time across the Pacific has been shortened by several days, and the Canadians have continued their slight advantage in time on the trans-Pacific run and yet, despite that fact, the Dollar Company, because it makes better connections than the Canadian Pacific, lands passengers and mails in London in better time then the latter does. The Dollar line is, of course, also able to land passengers in London in the other direction by means of its round-the-world boats. Up until several months ago these two lines by agreement sold tickets on a parity in pounds sterling for a through trip *via* Canada or the U. S. A. to London at a reduced fare, but eventually when, because of the drop in the pound (through England going off the gold standard), a through ticket to London cost less than one to New York and as a conquence passengers began buying tickets to London when they only wanted to go to New York — incidentally some of them selling the trans-Atlantic part of the ticket—the sale of through tickets to London on a sterling basis came to an end.

Another change that is to be noted in connection with the trans-Pacific shipping business is that until several years ago silk from both China and Japan was generally transported by steamers from the Orient to Seattle or Vancouver and then loaded on board trains to its final destination in Jersey City — across the Hudson river from New York City — the object in making the fastest possible time being to save interest and insurance charges on this valuable cargo. But for the past year or so, because of the heavy slump in the value of silk and the consequent drop in the above-named incidental charges, the urge to save them is not nearly as strong, and now most of the silk cargoes go by way of Panama. One of the natural results of the competition for this silk business has been to considerably speed up the services by that route, and runs from Shanghai to New York *via* Panama in five weeks are in these days not at all uncommon.

The two latest shipping lines to enter the trans-Pacific passenger service are the States Steamship line with its main terminal at Portland, Oregon, and the Chinese-American Shipping Co., Inc., the latter operating with motor-ships belonging to the Danish East Asiatic Company. The recent arrival of the s.s. *General Pershing* of the States Line marks the opening of a passenger service between Portland, Oregon, and the usual Far Eastern ports, including Manila. The States steamers — the s.s. *General Sherman* and the s.s. *General Lee* to follow at intervals of three weeks — are fitted to carry refrigerated cargo, for which there is a capacity of approximately 4,500 tons. There is also accommodation for about 150 passengers. The vessels used for this passenger service belong to the United Fruit Co. and are under long-term charter to the States Steamship line. They will make a specialty of carrying north-west meats, Oregon apples and other perishable products to the Far East. Both the States' steamers and the Chinese-American motor ships carry passengers (one class) at reduced rates. A Swedish line running *via* Panama between New York and the Far East is also carrying trans-Pacific passengers. These are but some of the recent developments that indicate that an era of intense competition in the trans-Pacific shipping business is at hand.

IRELAND SHALL BE FREE!

THE final results in the Irish elections show that de Valera, the radical President of the Irish Free State, has a clear majority, and this means that the movement towards securing independence for Ireland has received a decided impetus. It was not without significance that the telegrams reported that there was a decided drop in the price of Guinness shares, for this world-famous brewery is situated in Belfast, the capital of Northern Ireland, and it is almost a foregone conclusion that Ulster (the old name for the district, most of which is included officially in the present Northern Ireland), mostly peopled by Protestants, will be sacrificed on the altar of the Irish independence movement, despite the opposition of Viscount Craigavon, the Prime Minister of Northern Island, and his supporters. The Irish Free State leaders are insistent that a *free* Ireland means *all* of Ireland. Great Britain in these days is not in a position to adopt a policy of force and any kind of arbitration, no matter how the arbitration board is constituted, is almost sure to side with the united Irish independence movement. The land annuities by this time are lost sight of — matters of even greater importance being now to the fore. Undoubtedly the Irish have broken their agreement on the land annuities question, but their actions compare favorably with the policy adopted by the Soviet Russians under similar circumstances. Plainly put, the Irish estates in question were parcelled out by the then kings of England to various retainers who had helped the English in subduing the Irish. Their descendants have held them through all the centuries. A similar situation existed in Russia, where the descendants of princes of German blood held huge estates as a reward for having helped to crush local rebellions. When the Bolsheviks came along they acted on the theory that these families had possessed the land long enough and that the reward was out of all proportion to the services rendered. When the most recent holders of the land remonstrated against the land being taken from them, the Soviet leaders promptly stood them up against a wall and shot them dead. Incidentally it may be mentioned that there is a growing feeling in England itself that many of the old estates came down to their present possessors from titles that need looking into. Henry VIII, when he confiscated the huge Roman Catholic estates in England, parcelled them out among his retainers, and their descendants hold some of these estates to this day. Whatever criticism there may be of the method by which the Roman Catholics secured the estates in the first place, they were generally used for the public benefit. As a result of Henry VIII's action the estates became private preserves, with "No Trespassing"

notices set up, and it has not been at all an uncommon thing for a country yokel who shot a rabbit on them to get six months' imprisonment for "poaching."

Nemesis has at last overtaken the English in their treatment of the Irish, whose ideals and industries were crushed under the heel of English industrial expansion for centuries. Prominent British subjects in Shanghai, of Irish extraction, will tell you privately of how they have visited their home island and seen with indignation the ruins of old Irish factories scattered throughout the country, which went to the wall not because of mismanagement but because of discriminatory English industrial policy.

De Valera has announced that he does not intend to adopt a policy of unfriendliness towards Britain; at the same time he has made it clear that Ireland intends to be really independent. Gone are the day recorded in the popular Irish song,

> Oh, Paddy dear, and did you hear,
> The news that's going round . . .
> They're hanging men and women too,
> For wearing of the Green!

The era of cartoons in English newspapers lambasting the Irish, we imagine, is also rapidly coming to an end, just as the old-fashioned cartoons in the American newspapers of wild-eyed Russians have seen their day — as recent events have tended to inspire more respect for said country and its people. As an example of an utterly uncalled for English cartoon was a recent one insinuating that the Irish President's chair should be set out in the bog further, so that he could put his foot into it more conveniently. The Irish President is by no means putting his foot into it, as recent events have amply demonstrated.

G. W. M.

JAPANESE CONTROL CHINESE EASTERN RAILWAY

DURING the earlier part of the history of the Chinese Eastern Railway practically the only thing Chinese about it was the name. Czarist Russia treated that part of the agreement made through the Russo-Asiatic Bank which provided for Chinese participation in the management as non-existent and calmly operated the railway to suit itself. And despite graft and rake-offs that outshone the machinations of a Tammany henchman, it made money, for it provided the only practical means of transportation in a newly-opened, rapidly growing region. The corruption had its zenith during the days of the World War, when Russian station agents farmed out the restricted number of railway cars left over after most of the rolling stock had been sent to Russia, to the highest bidder, so that whereas the freight from Changchun to Harbin for a carload of goods would amount to less than a hundred roubles the "squeeze" that had to be paid to get the privilege of loading it was over a thousand roubles — and in those days roubles were still real money. A thriving business during war years was done by Chinese cartage firms, who guaranteed delivery in Harbin in 10 or 12 days after loading in Changchun. The rate was high, as the cartage firms had to pay huge sums to the bandits that infested the neighborhood to keep them from attacking the caravans. Then, as a result of the war, came the Bolsheviks, later more politely called the Soviets, who with a grand gesture told the Chinese that, as they intended to adopt a policy of not profiting from the old Imperial system, they intended to hand back the railways to the Chinese — through whose country it passess. But the Soviets in the end did not live up to their word and practically stepped into the old Imperial shoes with a fifty-fifty proposition, which the Chinese accepted with some misgivings. True to their Muscovy upbringing the Soviets also followed the Czarists' example in over-riding the Chinese in the management of the railway, and this eventually resulted in Marshal Chang Hsueh-liang trying to oust the Russians entirely. This proved to be a *faux pas*, and the Russians retaliated by bombing a number of towns along the western line of the railway and seizing control once more. But in the meantime the Japanese were watching things with a jealous eye and the situation to-day for all practical purposes is that the Japanese are in control of the line and neither the Russians nor the Chinese (not even the "Manchurians") have much to say in its management; for in the last analysis, when the Japanese military machine says it wants something done in a certain way it is done that way, and not as either the Russians or "Manchurians" might wish.

At the end of the Russo-Japanese war the Japanese changed over that part of the line that fell to them, from the wide Russian gauge to the standard 4'-8½" gauge (between Dairen and Changchun) and it is a foregone conclusion that in due course the Japanese will also change the line between Changchun and Harbin to standard gauge also, for no matter what happens to the rest of the line the Japanese are bound to get possession of the railway as far as Harbin, and there is great economic loss in having to transship cargo at Changchun for the relatively short distance from that city to Harbin.

In any eventual settlement of the C. E. R. matter French interests will undoubtedly play a certain part, but what that part will be is not quite clear. That considerable French money was invested in this railway is well known, but the prospects of the French investors getting any return on their money at the moment are rather poor. From now on, whatever happens, the Soviets must resign themselves to a dwindling interest in the line — this whether the Japanese military party and the French investors eventually come to a close working agreement or not — unless the Soviets should decide to fight the Japanese to regain real control of the line. That is an eventually that the Soviets may be considering, but not in the immediate future. It would be indeed a strange spectacle if the Soviets, the self-styled champions of the under-dog, should eventually go to war in an attempt to maintain an interest (a half interest) in an old Imperial concession.

Soviet Police Arrive in Shanghai

Russian newspapers report that Soviet G. P. U. Police have arrived in Shanghai and special Russian guards from Vladivostock are guarding the Soviet Consulate and Soviet business institutions.

FRENCH AND GERMAN CABINETS RESIGN ON THE SAME DAY

IT was somewhat of a coincidence that the French Cabinet and the German Cabinet should resign on the same day. The French resignations came on the morning of January 28 after an all-night session; the German resignations occurred just after the noon hour. Paul Boncour, the French Premier, whose Cabinet had such a short lease of life, was among those who, while publicly announcing that he wished to work on a friendly basis with the United States, nevertheless was one of those who supported the idea of repudiating the war debt to the United States; so his downfall will not cause any tears among Americans. His Cabinet fell on the question of finance, a sharp contest being in progress between the Socialists and the more conservative classes. The Socialists have a majority, and it was a foregone conclusion that the new Premier would have Leftist leanings. Edouard Daladier, the new Premier, is a Radical-Socialist. The new French financial program calls for an increase in direct taxation, except incomes, a cut in Civil Service salaries and the elimination of pensions to war widows who remarry. There is no indication that the Socialists will show any liberality in their Colonial policy, which closely resembles that of Imperial Japan. The French Socialists and Radicals remind one very much of the German Emperor Frederick the Great, whose great hobby was to discuss the benefits of liberalism with his lifelong French friend, Voltaire; but the wily Frederick took good care that none of those liberal ideas should seep into the heads of his subjects, whom he ruled with a rod of iron.

In Germany the President at first fell back on the former holder of the Chancellorship, Dr. Franz von Papen, immediately after General von Schleicher had announced his resignation, this having come as the result of President von Hindenburg refusing to give him (the General) power to dissolve the Reichstag in case it should pass a vote of no confidence. According to the *United Press* telegram, political observers in Germany regarded President von Hindenburg's decision not to permit dissolution of the Reichstag as an admission that parliamentary government, despite the multiplicity of contending factions, offered a better solution than the attempted enforcement of a dictatorship, but these observers proved to be wrong, for on the following day it turned out that not von Papen but Herr Hitler had taken the post of Chancellor, and this without abandoning his demands for full power as the price of Nazi support for the Reich Government. Herr Hitler's appointment followed a conference between President von Hindenburg. Hugenburg, leader of the German Nationals, Hitler and von Papen. It was reported that the formation of a government on the basis of a parliamentary majority was impossible. It is expected in political circles that Herr Hitler will be given authority to dissolve the Reichstag and arrange new elections. The von Schleicher Cabinet was the twentieth since Germany became a republic on November 9, 1918, following the abdication of the Kaiser. General von Schleicher was in office only 65 days, the shortest period since the days of Bismarck with the exception of the 36 days' office of the last Imperial Cabinet, under Prince Max von Baden, which was overthrown by the revolution.

WAS THE SABURI "SUICIDE" ANOTHER POLITICAL MURDER IN JAPAN?

FOUR years ago Sadao Saburi, Japanese Minister to China, was found dead in a Japanese inn where he had been visiting for a few days while on home leave from his duties in China. Circumstantial evidence pointed to suicide since his body was found with a large calibre Colt revolver clutched in his hand. One shot had been fired and the bullet had pierced his head from the right temple to the left ear. The Japanese police authorities announced that it was a case of suicide, but the Chinese believed at the time that Mr. Saburi had been murdered, allegedly by the Japanese military authorities because of their displeasure at Mr. Saburi's negotiation of the Tsinan incident. The Japanese troops were in occupation of the Shantung railway and the city of Tsinan, capital of Shantung at the time, their object being to block the advance of the Nationalist troops into north China. After the Chinese National Government had rejected the appointment of Obata as Minister, Mr. Saburi was appointed and it largely was a result of the negotiations of Mr. Saburi and Dr. C. T. Wang that the Japanese army was evacuated from Shantung. Shortly afterward, Mr. Saburi was recalled to Tokyo to make a report and it was while on this trip that his body was found in the Japanese hotel.

Now, after the lapse of four years, Mr. Saburi's brother, Akiyama Saburi, formerly director of the Godo Cotton Spinning Company, resident of Kitano-cho, Kobe, has written a book of some 800 pages which deals entirely with the alleged murder of the former Minister to China. The book was written for private circulation among Mr. Saburi's friends, but a report dealing with the contents of the book appeared in the *Osaka Main-ichi* on Jan. 17. The book surveys all the circumstances surrounding the death of Sadao Saburi and reaches the conclusion that he was murdered by a "certain Japanese, using an ingenious method." It is claimed in the book that none of the members of Mr. Saburi's family knew that he possessed the large calibre pistol of the Colt type, an eight-shooter, that was found in his hand after his death. Considering the circumstances surrounding Mr. Saburi's appointment as Minister to China and the intricate Sino-Japanese relations then prevailing, the brother suspects his death was due to foul play. He declared, "My brother was dead tired after walking the whole day on Nov. 29, 1929, and fell fast asleep as soon as he went to bed, I suppose. It would have been easy for anyone seeking his life to enter his room secretly, apply an anesthetic, and after shooting him make it appear as if he had committed suicide by placing the pistol in his hand. There were no reasons whatever why he should have taken his own life and I do not believe the supposition that he committed suicide because of loneliness after the death of his wife." Akiyama Saburi also argued in his book that the unusual amount of blood found on the bed was an indication that his brother had been chloroformed, prior to the shooting, since this would result in a free flow of blood from the wound after the shooting.

The Trend Towards a Cheaper American Dollar

THERE is a distinct trend in the United States towards cheapening the dollar. It is not a case with America as it was with most other countries of being compelled to adopt such a course. It is rather a case of it being expedient to take the same road as more than forty other countries have taken. One reason why we are inclined to believe that the Roosevelt administration will take such a step is that spokesmen on its behalf have stated again and again that it does *not* intend to do so. The recent history of other countries—particularly that of England—in this respect has been that the imminence of a change in the monetary policy was in direct proportion to the degree of insistence that no change would be made. A spokesman for President-elect Roosevelt was recently quoted as saying that the new administration intended to maintain the gold standard and would not indulge in inflation. This brings to mind the phrase about the path to a certain hot place being paved with good intentions, for in the same breath it was announced that the Roosevelt administration would not hesitate to sacrifice the "vested interests"—that is the wealthy classes—for the general good, if that became necessary. But the statement was far from being specific, because it failed to make clear whether it was the people who had wealth in money (bank deposits) or those who had their wealth in property (real or personal) that were aimed at.

These two classes of wealth, it is to be remembered, will be affected very differently by any change in the monetary policy. So far, in the United States it has been the hoarders, the people who played safe, the old-maids of New England, and the like, who hid their money under their mattresses or put it into savings banks, who have profited — provided the banks didn't fail. It was the people who were ambitious, those who tried to develop a business, and incidentally risked their money, who were hit. The aim of the radical politicians in the United States at present is to do something that will lessen the hold of the "misers" — in other words, those whose accumulated wealth is represented by dollars and not by property, whatever its form. Some favor going off the gold standard, same favor reducing the amount of gold in the standard dollar, others would put into force Bryan's 16 to 1 free silver idea, others would put the printing presses to work and inflate the currency — all, be it noted, with the same object, namely to lessen the purchasing power of the dollar, and incidentally forcing up the value of property, no matter what kind, in terms of such a cheapened dollar. The aim of every one of these projects, let it be reiterated, is the same; it is only the method of attaining the object in view that is different.

Once this movement towards cheapening the dollar is started in the United States it will be a matter to decide how far to go. There are precedents of all kinds, the outstanding ones being those of Germany and Russia. Germany "shook down" to the limit every man, woman and child to the last copper. Every bank deposit became valueless. The owner of a cottage nine years ago in Germany was a wealthier person than a banker who counted his wealth in billions of marks. Russia went a step further. It first did all that the Germans did later and then confiscated the cottages and all other property previously held by the public. There is no danger of any thing like that happening in the United States. These things are only mentioned here by way of contrast and as reminders. But when we read of American financiers urging that England should go back on the gold standard as a means of saving the world's financial situation, and incidentally that of the United States, we are inclined to be sarcastic. England is not in a position to go back on the gold standard and her ability to do so will be lessened in proportion as America insists on the war debts being paid — in gold, of course. If, as it is frequently stated, and as is probably the case, America's foreign commerce is hurt by the fact that England and other countries operate with depreciated currencies, whereas American prices remain in gold, the only practicable change to be made is that America should follow the European, Japanese, and more recently the African, example. It will probably work out in the end that America will find it expedient to allow the depreciation to equal that of the pound sterling, so that the exchanges between the two countries will stand somewhere near the normal rate of 4.865.

Closely bound up with what America will do as regards the monetary unit is the problem of war debts and also the question of the tariff. In theory there is no doubt that the European countries should be compelled to pay these war debts to the United States, as cancellation of the debts would simply mean that American taxpayers would have to pay most of the expenses of the European war. But, unfortunately, America is getting into the same position as the woman in the divorce case who insisted that the court should bankrupt her former husband and award her handsome alimony at the same time—two conditions mutually destructive of each other. American tariff policy is aimed at keeping out foreign goods, and in the absence of gold, goods are the only thing that Europe can pay with.

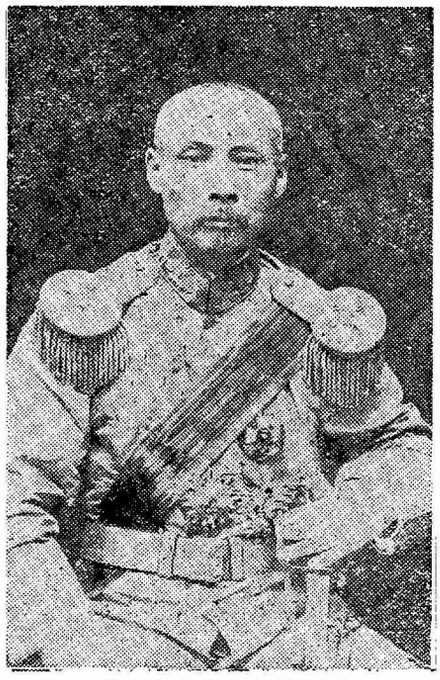
This is an appropriate moment to say once more what should be apparent to everybody, namely that what the world needs is free trade, not higher tariffs. China with its likin was no more foolish than the world with its high tariffs. Whatever benefit has been obtained locally or temporarily by restrictions on trade is, was and ever will be at the expense generally of the whole body, whether that body is China, America, or the World. Freedom for the propagation of new ideas, freedom of movement for humanity in general, and freedom to move cargo with a minimum of tariff or other restrictions; these three, if put into effect, would do more to solve the world's ills than all the palliatives proposed by economists, bankers, or politicians.

G. W. M.

Marshal Tuan Chi-jui's Trip to Nanking and the Sino-Japanese Crisis

(From The Review's Correspondent in Tientsin)

IT'S difficult to determine whether the Chinese or the Japanese were more surprised at the sudden departure of the aged Marshal Tuan Chi-jui, leader of the so-called Anfu political group, to Nanking and Shanghai. It is no secret in the north that Tuan has been the center of much Chinese and Japanese pressure, hence his sudden departure for the south almost simultaneously with the publication of reports in Tientsin that the premier Japanese intriguer, Lieut-General Doihara was expected here, occasioned great surprise. Marshal Tuan Chi-jui is now 69 years of age and while without military power he does possess political influence among the conservative groups in the north, particularly among the older military leaders, most of whom are now in retirement. Since the beginning of the Nationalist movement at Canton in 1926-1927 Tuan has been in retirement, residing in the Japanese concession at Tientsin and at Dairen, announcedly devoting himself to a study of Buddhism. Several weeks ago when the Panchen Lama, religious head of Mongolia held a "prayer-meeting" in Peiping, Marshal Tuan took a prominent part in the services which allegedly were more political than spiritual. Efforts were made at the time to bring all of the political leaders, active and retired, together but for some reason Wu Pei-fu, formerly military head of the Chihli political group, refused to meet Tuan.



Marshal Tuan Chi-jui

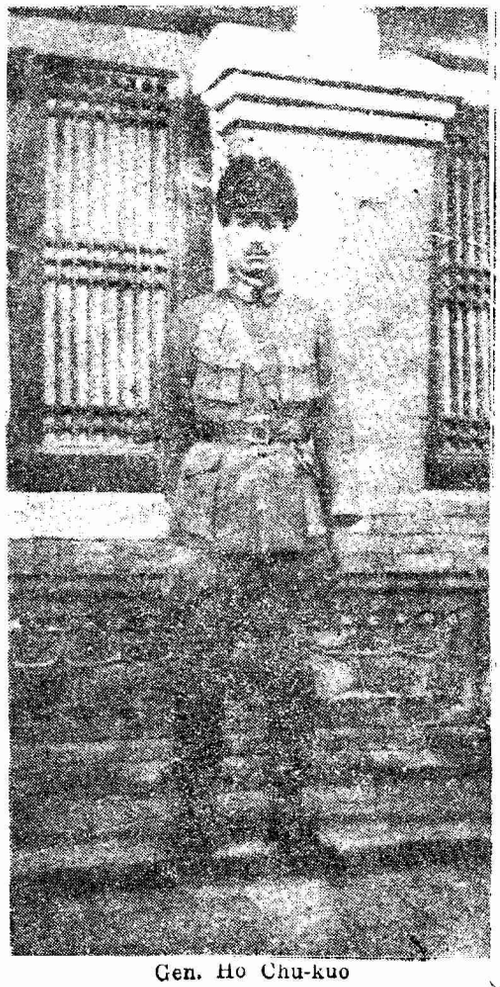
Marshal Tuan is a native of Anhwei province and was graduated from the Peiyang Military Academy at Tientsin in 1885. Later he studied military science in Germany and in the forty-four years which have elapsed since his return from Europe he has led an active military life. He assisted Yuan Shih-kai in suppressing the Boxers in Shantung in 1900 and in the 1911 revolution first helped the Manchus, but later co-operated with Yuan Shih-kai in forcing the Manchu emperor to abdicate. He served as minister of war in the first republican cabinet in 1912 and in 1917 took an active part in suppressing Gen. Chang Hsun's attempt to restore the Manchus to the Dragon Throne. Also, in 1917 he was given chief credit for China's declaration of war against Germany. He has held practically every military office from the bottom up, has been head of various military schools in the north and from Nov. 1924 to April 1925 was Provisional Chief Executive of the Peking Government.

Up to Tuan's departure for the south there were four outstanding leaders in the north, Tuan Chi-jui, Wu Pei-fu, Feng Yu-hsiang and Marshal Chang Hsueh-liang. Tuan's departure narrowed the field to three and according to popular rumor not one of them is on speaking terms with the other two, although there are reports in circulation now that Feng Yu-hsiang and Chang Hsueh-liang are not unfriendly. Tuan's departure for the south indicated that he had decided to cast his fortunes with the National Government and that meant also that he was with Chang Hsueh-liang. Recently, due to the imminence of further Japanese military activities in Jehol and south of the Great Wall, there has been formed in Peiping a so-called military council which is participated in by some twelve generals. The chairmanship is rotated and daily meetings are held, the object being to unify political and military opinion in the north and keep in close touch with the National Government. However, it is no secret that political opinion in the north is not unified and it is here that the Japanese enjoy an advantage because they are in a position to play one group against the other to Japan's advantage. And the chief plaything naturally is money and promises of future political advantage.

A few days prior to Tuan's departure for Nanking he was visited by a well-known retired Chinese politican who sounded Tuan on his attitude toward the Japanese. Tuan admitted he had been visited by certain Japanese leaders who had suggested indirectly that Tuan might be interested in heading a separatist movement in north China. Tuan claimed he had definitely rejected the Japanese offer, telling them he would have nothing to do with any movement that would result in the partitioning of China. "You are changing the color of our map," he is reported to have told the Japanese. A few days after that Tuan suddenly departed for the Yangtsze valley and as stated, his departure caused surprise in both, Chinese and Japanese camps.

Gen. Yu Hsueh-chung

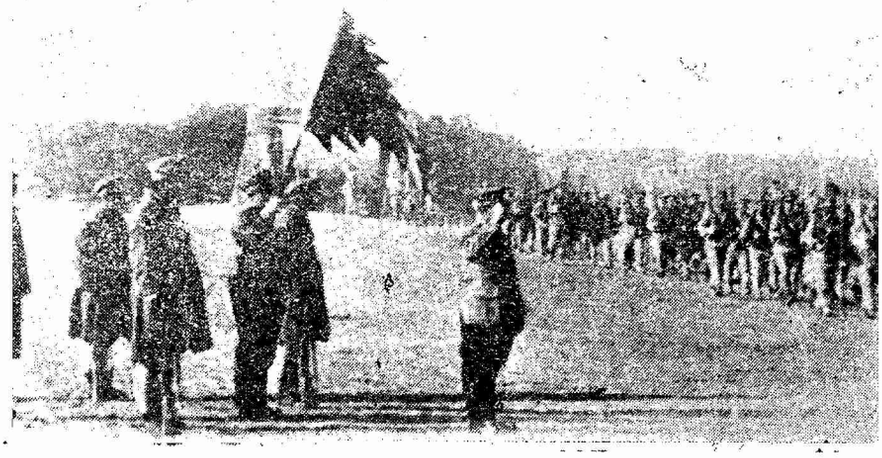
The general opinion among the Chinese in the north is that Tuan's decision to go south constituted a victory for Nanking and Chang Hsueh-liang and a rebuff for Japan. Chinese generally believe that Tuan's chief purpose was to assure General Chiang Kai-shek of his loyalty and of the loyalty of the political group which he heads. That the Japanese were disconcerted by Tuan's sudden departure seemed obvious, but on the other hand there is a feeling among the Japanese that Tuan might, conceivably, serve as a bridge across the chasm which now separates the Chinese and Japanese. The Japanese believe that Tuan and his group, because of their past intimate relations with the Japanese military, might help in bringing China and Japan together for direct negotiations over the Manchurian issue. Whether there is anything more than hope back of this cannot be stated, but this feeling undoubtedly prevails in high Japanese military circles in the north.



Gen. Ho Chu-kuo

The reason for Japanese friendly feeling toward Marshal Tuan Chi-jui and his associates in the Anfu military clique is due to intimate relations which existed between the Anfu militarists and the Japanese during 1917-1918-1919 when the Aufu group was in control of the Peking Government. Much of China's present trouble with Japan dates back to that period—for the notorious Japanese Twenty-One Demands were forced upon China in 1915 when the European Powers were involved in the World War and America was making preparations to engage in the struggle. Under the guise of helping China prepare for participation in the European struggle, Japan negotiated a military alliance with the Anfu militarists and at the same time loaned them large sums of money variously estimated up to $350,000,000. In exchange for these loans the Anfu group granted to the Japanese numerous concessions in Manchuria and elsewhere, many of which were intimately connected with the Twenty-One Demands. Now it is argued that in the event the Anfu crowd should again gain political influence in the north, it would have the effect of legalizing and making effective the old secret agreements of 1917-1918 which were nullified when the Anfu militarists and politicians were overthrown and driven out from Peking. Some of the outstanding names in the Anfu group which were prominent in the newspapers a dozen years ago are Tsao Yu-ling, who actually negotiated the so-called Nishihara loans with Japanese banks, and General Wang Yi-tang, Wu Kwan-hsin and Wei Chung-han. All of them have resided in the Japanese concession at Tientsin almost continuously since they were driven out of Peking and their names placarded on the public streets as traitors to the nation.

Any consideration of the present Sino-Japanese crisis in the north should be preceded by the statement that regardless of what happens the Japanese are determined to occupy Jehol province and nothing short of a political revolution in Japan could alter this Japanese determination. The reason for this is that Japan must occupy Jehol in order to hold Manchuria and pursue her aims in Outer and Inner-Monogolia. So long as Jehol province remains under Chinese control, actual or nominal, it will be a thorn in the side of Japan's puppet state of Manchukuo because Jehol always has served as a buffer state between China proper and Manchuria. Also, and not of minor importance, is the fact that Jehol is the chief producer of opium and opium-revenues in north China. One of Japan's first acts following the creation of Manchukuo, was the organization of the Manchurian opium monopoly, which Japan has maintained in Formosa since that island came under Japanese control following the Sino-Japanese war in 1895. However, a Japanese opium monopoly in Manchukuo cannot be profitable unless Japan controls the source of supply in Jehol province; but with that source of supply in Japan's hands, the monopoly of the drug, plus the manufacture of opium derivatives under Japanese control in Dairen, can be turned into a very profitable enterprise.



Chinese Volunteers along the Jehol frontier. The Japanese claim the Chinese have some 50,000 volunteers, regulars, irregulars and "bandits" in the Kailu district alone.

Aside from the political importance of Jehol to Japan from the standpoint of rounding-out Manchukuo's boundary to the Great Wall, there are further reasons why the Japanese military authorities think they must control the province:

Teng Chun-lai, one of the Chinese volunteer leaders "somewhere" in Manchuria.

Japanese control of Jehol will have a tremendous influence on the attitude of the Mongolians who are now wavering in their loyalties. There actually is no regular line of demarcation between Jehol and Mongolia, although such is indicated on the modern maps. Much of the population of western and northern Jehol is Mongolian, being composed of tribes which are not always friendly toward China. The *Osaka Mainichi* on Jan. 14 published a report alleging the Mongolian tribes of Jehol province "were eager to shake off the yoke of Gen. Tang Yu-ling, ruler of Jehol, because of the excessive taxation and the activities of the Chinese troops which had entered the province since the beginning of the Sino-Japanese complications in the fall of 1931." The same Japanese paper also contained an allegation that Gen. Tang Yu-ling had signed the original Manchurian declaration of independence and had pledged his allegience to the Manchu emperor Henry Pu-Yi, but later on had changed his attitude. But regardless of the attitude of Tang Yu-ling, the Japanese militarists from the Tokyo war office to Changchun and from Changchun to Tientsin are fixed in their determination to occupy Jehol by force of arms and amalgamate that important area into the new Japanese dominated state of Manchukuo. And in this connection it is unnecessary to mention that Japanese military domination of Jehol carries with it Japanese military domination of all that portion of China lying north of the Yellow River. No one realizes this better than does Marshal Chang Hsueh-liang despite the fact that up to the recent Japanese occupation of Shanhaikwan on Jan. 1, no regular soldier under his banner had offered the slightest resistance to Japanese encroachment.

Jehol province is almost entirely mountainous and curiously has three gateways leading into China proper and likewise three gateways leading into Manchuria. Rather, one should say it *had* three entrances into China, for the Japanese occupation of Shanhaikwan closed one of the routes which passed through the Great Wall at Chiumenkow about ten miles north of Shanhaikwan. Of the two remaining entrances, one is by way of Lwanchow, thence northward along the course of the Lwan river The other route into Jehol is from Peiping through Kupeikow and may be traversed for most of the distance by motor car. Should the Japanese advance southward from Shanhaikwan, as is expected, their first objective will be Lwanchow and the Lwan river which will give them control of two of the three gateways to Jehol. However, it isn't necessary for the Imperial Japanese Army to enter Jehol from the south for there are three entrances to the province directly from Manchuria, one through Kailu on the northeast, another by way of Chaoyang on the east and a third by way of Suichung on the southeast. But since these passes are narrow and easily defended from the inside, the chances are the Japanese military authorities may decide to accomplish the conquest of the province by skirting the southern border and closing all the routes leading into Jehol from China proper south of the Wall. This, however, would involve complications with the Powers, particularly Great Britain due to the location of the Kailan Mining Administration's properties in the Chinwangtao district and the Peiping-Liaoning railway, which traverses the area likely to be involved in the military operations. It was the Japanese occupation of Shanhaikwan and the imminence of an extensive Japanese campaign south of the Great Wall, possibly involving the entire Tientsin-Peiping district that was responsible

Madame Chang Hsueh-liang, wife of the Peiping Generalissimo, photographed in a hospital containing wounded men from the Shanhaikwan battle.

for Great Britain's recently renewed interest in the Sino-Japanese crisis at the League. The British Tories apparently had decided to let Japan have Manchuria, but when the Japanese occupied Shanhaikwan and began to menace the Kailan interests at Chinwangtao, they sent Sir John Simon scurrying back to Geneva and ordered Sir Miles Lampson back to China, instructing him, incidentally, to stop off at Canton, Foochow, Amoy and Shanghai enroute to assure the Chinese of the continued friendship of Britain. In view of this situation it will be interesting to observe the activities of the British Minister at Nanking for the Japanese are convinced that his real purpose is to "conciliate" China and pave the way for direct Sino-Japanese negotiations.

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As the situation stands today (Jan. 27) the Japanese Eighth Division, with headquarters at Chinchow, is holding Shanhaikwan with about 8,000 men including infantry, cavalry and artillery. Also, the Japanese have the assistance of air-bombing squadrons and a number of warships anchored off shore. To date the Japanese have not advanced outside of Shanhaikwan excepting a short distance to the north, which was for the purpose of occupying the Chiumenkow pass in the Great Wall. The Tashiho, a small stream having its source in Jehol and flowing into the sea between Shanhaikwan and Chinwangtao, provides the present dividing line between the Chinese and Japanese troops. The railway bridge across the Tashiho has been blown up, but it is still possible to travel by motor car between Chinwangtao and Shanhaikwan, the distance being about twelve miles, or if one prefers it is possible to walk along the beach from one town to the other. Since the loss of Shanhaikwan the Chinese troops have established new fortified positions along the south bank of the Tashiho, the Chinese trench line being about fifteen miles in length and extending from the foot of the mountains to the seashore. Within a radius of ten or fifteen miles from Chinwangtao the Chinese probably have between 10,000 and 15,000 troops, all being under the command of Gen. Ho Chu-kuo, a native of Kwangsi province, who previously was in command at Shanhaikwan but who happened to be in Peiping when the Japanese launched their land, air and sea attack on that port. The next Chinese military base south of Chinwangtao is Lwanchow, located about 70 miles from the Japanese lines. From this point Chinese troops, numbering probably between 40,000 and 50 000 are scattered along the railway with bases at Tangshan, Tang-ku, Tientsin and elsewhere. Most of these troops have been sent into this sector since the biginning of the present crisis, the object being to protect the railway and to send reinforcements to the Jehol border from Lwanchow by way of the Lwan River route. Many of these Chinese contingents have been transported northward from northern Honan, southern Hopei and western Shantung and consist of miscellaneous troops previously under the banners of Feng Yu-hsiang, Yen Hsi-shan and other commanders. With the exception of the troops actua'ly under Gen. Ho Chu-kuo in the Chinwangtao area and some forces along the southern Jehol border, Marshal Chang Hsueh-liang has not sent any of his own troops to the dangerous zones, keeping most of them in the Peiping and Tientsin sectors.

One of the Chinese volunteer contingents in manchuria with Machine-guns allegedly captured from the Japanese.

A badly wounded Chinese soldier in the military hospital in Peiping. The Chinese lost about 550 in killed and wounded in the fighting at Shanhaikwan on Jan. 1 and 2, while the Japanese losses were about 20 killed and 100 wounded. The Japanese bombardment of Shanhaikwan, according to eye-witnesses, was a first class military exhibition, being participated in by the Japanese Navy, air-bombers, armored trains, tanks, artillery and infantry—against a Chinese force numbering not over 1,000 men.

Of the active military commanders in the north, the only one aside from Gen. Ho Chu-kuo, who gives any promise of active resistance to the Japanese is Gen. Yu Hsueh-chung, military governor of Chihli province and commander of the forces in the Tientsin area. In an interview with foreign newspaper correspondents

in Tientsin on Jan. 16, Gen. Yu declared his unmistakable intention of opposing the Japanese by all means possible. He apparently meant what he said, hence if the Japanese undertake any adventures in the Tientsin-Taku sector the likelihood is Gen. Yu may give an exhibition somewhat similar to that of the 19th Route at Shanghai a year ago. Gen. Yu is 42 years of age, is a native of Shantung and has had extensive military experience on the Upper Yangtsze, in Hupeh and since 1928 has been connected with the Northeastern forces in Jehol and in the Tientsin-Peiping district. Unless removed or interfered with by superiors who have no intention of fighting, Gen. Yu in all probability will give a good account of himself, if, or when the Japanese adventure into the Tientsin district.

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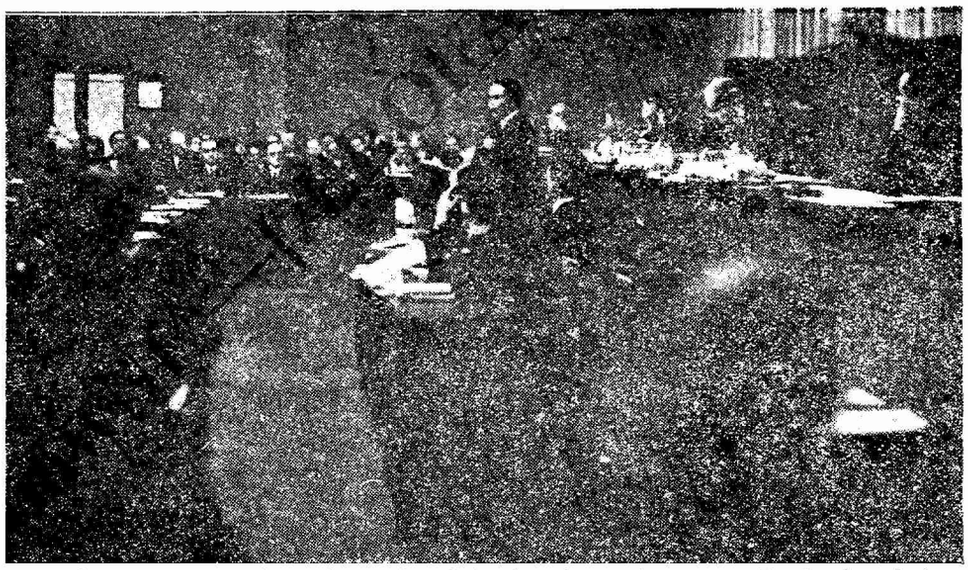
Something should be said in conclusion about the attitude of the Chinese civilians in the Tientsin-Peiping district. With the exception of the students in Peiping who took advantage of the crisis to shirk their mid-year examinations and flee from the city, most of the other Chinese civilian elements have done their part in preparing for eventualities. The students in Nankai University at Tientsin have sent a detachment of couriers to the front and many have enlisted in the fighting forces. Chinese organizations such as the chambers of commerce, bankers' associations and trade guilds have formed a unified group with the object of self-protection in the event of a Japanese invasion. Also they have taken steps to block any separatist activities on the part of reactionary or disaffected political elements in the Tientsin territory. Chinese women's organizations both in Tientsin and Peiping have formed corps for sending supplies of food and winter clothing to the troops at the front. The only exception to the civilian patriotic endeavor has been the students at Peiping who evacuated the city at the first indication of trouble, their primary objective apparently being to escape the mid-year examinations—and this is the city which saw the birth of the Chinese student patriotic movement in 1917-1918-1919, which resulted in the overthrow of the Anfu clique in the face of a Japanese menace not greatly differing from the present one!

Japanese Army Makes Active Preparation for the Drive into Jehol

IF by the time this issue of *The Review* reaches its readers the Japanese have not started that 'drive' into Jehol it will not be for want of extensive preparations for that event. A telegram from Tokyo Jan. 31 stated that Japanese troops were being massed at Mukden "in view of the threatening situation in Jehol." It was announced that as soon as the concentration had been completed, the troops would be held in readiness to move at a moment's notice.



The photograph above shows Quo Tai-chi, Chinese Minister to England and the Chinese delegate to the League of Nations, making a speech at a recent meeting of the Assembly.

The Hattori detachment at Hailar which took the lead in the recent drive on the western section of the Chinese Eastern Railway against General Su Ping-wen's forces, had also received orders to proceed to Mukden immediately. Major-General Hattori, at the head of a portion of his troops, has already arrived in Mukden.

According to Chinese reports from Chinwangtao two Japanese armored cars reconnoitered in the vicinity of the Chinese lines at Tashihho early on the morning of Jan. 28 under the cover of a battery of field guns. At nine o'clock the same morning two Japanese airplanes flew over the rear of the Chinese positions at Shihmentsai.

A message from Chengteh stated that in view of the activity of Chinese volunteers in East Jehol, the Japanese are moving large bodies of troops on the Tahushan-Tungliao Railway. It was estimated by *Reuter's* correspondent that the Japanese and Manchukuo troops concentrated on that railway and along the Jehol border consist of the entire sixth division, a portion of the 12th division and one brigade each of the troops of General Yu Tze-shan and General Chang Hapeng. The headquarters of the Japanese sixth division are established at Tahushan. The Japanese also have established an airdrome at Changwu, where more than 10 airplanes have been assembled.

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Simultaneous with the preparations for the Japanese drive into Jehol the Japanese drive in Geneva continues. The Japanese attitude at Geneva reminds one very much of the days of the

"bad men" of the old wild and woolly West of the United States. These desperadoes were always willing to have the courts try them, but they let it be understood that if the decision went against them they intended to shoot up the court. Count Uchida recently threw out the hint that Japan might be called upon to make a "grave decision" —the inference being that if the League made a report that was not satisfactory to Japan, the Japanese would carry out its long threatened idea of withdrawing from the League. General Araki, the Japanese War Minister, in a press interview at Tokyo Jan. 31 stated that there would absolutely not be any change in Japan's policy vis-a-vis the League. The instructions which were then being formulated by the Japanese Cabinet and which a few days later were sent to Mr. Matsuoka, Japanese delegate at the League, did not show any deviation from policy. The special sub-committee of the Committee of Nineteen of the League is now wrestling with the problem of how to word a report which is being prepared under paragraph 4 of Article XV of the League Covenant. Paragraph 4 lays down that if a dispute between the countries cannot be settled by the Council of the League of Nations, "the Council, either unanimously or by a majority vote, shall make and publish a report containing a statement of the facts of the dispute and the recommendations which are deemed just and proper in regard thereto."

A spokesman of the Japanese Foreign Office Jan. 30 expressed the opinion that if the recommendation by the League under Paragraph 4 prove distasteful to Japan the position would simply be that Japan and the League agreed to differ, after which Japan would be free to go ahead with her own policy, which he stated was

> **"To restore peace and order in Manchukuo, in accordance with the protocol signed between Japan and Manchukuo, without further interference."**

The meaning of all this is that Japan does not care a rap what form this report may make so long as the League does not make any attempt to prevent Japan from doing in Manchuria just as she pleases, including the occupation of Jehol, and does not attempt to take any part in any eventual negotiations that Japan hopes to enter into with China regarding Manchuria and other outstanding questions—while China continues to declare that such negotiations will never be entered into by her. Japanese ideas on this point were once more detailed in a cable sent to the Japanese delegation at Geneva from Tokyo on the evening of Jan. 30, the gist of which was that so long as the principle of the maintenance of the *status quo* of Manchukuo is not compromised, a point on which Japan is insistent, the Japanese delegation is at liberty to continue to negotiate, as the Japanese Government had now become indifferent as to whether the League of Nations applied paragraph 4 or not.

In the meantime the League committee hopes somehow or other to word its report in such a way as not to offend the smaller nations belonging to the League and still not offend Japan. The League Committee made it evident that it was anxious to clutch at any straw that would extricate it from a difficult position. An example of this was to be found in a report from Geneva Jan. 30 that League circles had been deeply impressed with a report that two Chinese merchants had been murdered in Canton in connection with the anti-Japanese boycott. The report, so *Reuter* said, "helped to bring home the realization of the dangers of any international instrument which not merely recognizes but condones boycott as a means of legitimate self-defence."

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The Japanese continue their propaganda of reporting "attacks" by China. Thus a Tokyo telegram Feb. 1 stated that the Chinese had been attacking Chiumenkow, the pass through the Great Wall north of Shanhaikwan. The "Nine Gate Pass," as its name means, according to the Japanese report, had been attacked four times in five days, the last attack having been launched early on the morning of Jan. 31. The Chinese, it was said, threatened to surround the Japanese garrison, but after two and a half hours' severe fighting it is claimed that the Chinese retreated.

The Japanese at any rate admit that the struggle between Volunteers and their own troops in North Manchuria is not yet over and that a leader named Wang Yun still has a force of 3,000 men under him. The Japanese say that Wang Yun has been operating in the Fuchin district, but they assert that he is now withdrawing towards the Amur River with the intention of crossing over the frontier into Soviet Russia.

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The Chinese delegation to the League of Nations circulated a communication at Geneva Jan. 31, which they also addressed to the League Secretariat. This important document asserted that the remainder of the 8th, 10th and 14th divisions of the Japanese army have been proceeding in 24 trains through Fusan and Seoul since January 30 towards Manchuria in preparation for an attack on Jehol Province.

A report was given prominence in Chinese papers in Shanghai Feb. 1 that Sir Miles Lampson, British minister to China, who arrived back in Shanghai several days ago, is acting on behalf of his government as a mediator in the Sino-Japanese conflict in Manchuria. The mission of a peace envoy, it was declared was entrusted to the British minister to China by Sir John Simon, the British minister of foreign affairs, whose recent statements at Geneva have been branded pro-Japanese and have aroused widespread anti-British feelings in this country. The British minister to China is now in Nanking and it is reported will exchange opinions with Dr. Lo Wen-kan and other leaders of the Nanking government to find out what possibility there is to bring about a peaceful settlement of the Sino-Japanese conflict with the formula he has in mind.

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The Chinese government will immediately withdraw from the League of Nations if the report now nearly completed by the Committee of Nine is adopted, according to information released by the *Central News Agency* at Nanking Feb. 1. The *Central News Agency* declares that it is understood that the report of the Committee of

(Continued on page 426)

A JAPANESE SHIP IS SEARCHED FOR OPIUM

THE operations of some of the opium-searching parties in China are becoming dangerously near like those of some of the Prohibition raids in the United States, namely that the object of the searchers frequently is not the honest one of trying to suppress the traffic, but rather to blackmail the victims of their raids or to gain possession of the opium or the whisky with a dishonest motive — as the case may be. It has not been an unheard of thing in the United States for prohibition agents to get drunk on the whisky they seized nor has it been altogether unheard of in China for opium searchers to smoke the opium that they got hold of. It is not probable that either of these motives actuated the party that boarded the Japanese steamer *Siangyang Maru* at a town called Kouan, in Kiangsu province, last week, but there can be no question that a search such as that engaged in by "The Poisonous Drug Inspection office for the whole of Kiangsu" upon said Japanese steamer was ill-advised, as it gives the Japanese naval authorities a pretext—one for which they are doubtless looking—to increase their forces in the Yangtze Valley; and on the whole a search carried out as this one evidently was tends to exacerbate Sino-Japanese relations in a way that cannot do the Chinese any good at the present time.

According to the account given by the Japanese captain on his arrival in Shanghai, scores of Chinese, some bearing on their breasts badges with an inscription, "Members of the Poisonous Drug Inspection Office for the whole of Kiangsu," accompanied by a number of men in military uniforms, armed with pistols came on board. Some members of this group first proceeded to the bridge where they ordered the sailors on duty to cast anchor, levelling their pistols at them. They then forced their way into the engine-room where, in a similar threatening manner, they made the engineer on duty stop the engines. Meanwhile, the rest of the group searched the ship. When the captain remonstrated, the armed members of the group displayed their arms, assuming a threatening attitude. By this time, a steam-launch out of which another group of Chinese, more than ten in number, jumped into the boat had arrived. After intimidating the Chinese sailors, these men carried out a search of the seamen and firemen's rooms, the engine-room, the coal-bunkers and other places, but no contraband was discovered.

Change in China National Boy Scouts' Organization

A change in the organization of the China National Boy Scouts' Association has been effected. General Chiang Kai-shek, President of the Military Affairs Commission, has been made Chairman of the Association, with General Ho Ying-chin, Minister of War, and Dr. Tai Chi-tao. President of the Examination Yuan, as Vice-Chairman, Four sections have been created. The Boy Scouts' Headquarters have also been restored. General Ho Ying-chin and General Chang Chih-chung, Dean of the Central Military Academy, have been made Commander and Vice-Commander of Boy Scouts.

The new building of the Boy Scouts Association is to be located at Wutaishan. Construction work has already been started and is expected to be completed on May 5. General Chiang Kai-shek has contributed $100,000 towards the construction expenses.

Japanese Propaganda in the German Language.

To the *Editor, The China Weekly Review.*

I noted with great interest your editorial in the Jan. 14 issue of *The Review* under the heading, "The Drive into Jehol—Chiumenkow Pass Captured," together with the map of "Manchukuo" reproduced from the *Japan Times.* In a collection of books recently received by me from Gemany was one entitled, "Wiedergeburt der Mandschurei—Ihr Verhaeltnis zu China und Japan" ("The Regeneration of Manchuria—Her Relations to China and Japan"). The authors were Dr. N. Yumoto and Dr. R. Abiko. The book was published by Nakakan, Berlin, 1932.

The following is a translation of the preface:

> The publication of this book has in view the object of making the inhabitants of Western countries conversant with a new state which has been founded in the Far East. Although the inhabitants of this new State belong to various races they will be treated on an equal footing. All these various races, the Mongols, Chinese, Koreans, Japanese, etc. enjoy in all respects the same rights as the Manchurians and are placed on a full parity in all their rights and duties as citizens. The further development of the youngest state in the Far East will naturally be watched with the greatest interest. The authors of this book will consider it a sufficient reward if they are able to contribute to the awakening of such an interest.

The book begins with a "Geographical exhibit of Manchuria" and, speaking of the "Territory of Manchuria," says: "This total territory is divided into the following provinces: Liaoning (Mukden), Kirin, Heilungkiang *and Jehol.*"

I was surprised to find on page 91 of this book exactly the same map of "Manchukuo," which was reproduced by the *China Weekly Review* from the *Japan Times*, with the same thick, black border line. This border was described as the "Staatsgrenze," that is, the state boundary.

The book and map were published in Berlin 2nd of April, 1932. *The Review* of Jan. 21 contains an editoral under the headline, "Where Jehol Stands in the General Japanese Program."—Well, China by now ought to know where Jehol is going to stand.

As a German friend of the Chinese, I would, however, protest against such a statement as this made by Dr. W. W. Yen, Chinese delegate at Geneva:

> Japan has evidently determined to meet the world with brute force as Germany did in 1915." (*Asiatic News Agency*, Jan. 11, 1933)."

Such a provocative statement will not gain friends for China; rather it offends some of China's best friends.

Canton, Jan. 26, 1933. EDMUND MINKNER.

January 28 Observed Throughout China

The first anniversary of the Japanese invasion of Shanghai and Woosung was observed Jan. 28 throughout the country, according to telegrams received from various parts. A memorial service was held at Nanking at the *Kuo Min* Theatre under the joint auspices of government Party and civic organizations. In speeches delivered by Party and civic leaders warm tributes were paid to the gallant men of the 19th Route and 5th Armies. Resolutions were also adopted calling for the issue of circular telegrams urging the various military leaders and provincial chairmen to made preparations for the defence of the national territory and resistance against the Japanese invaders.

A telegram from Changchow (Fukien) where the Headquarters of the 19th Route Army has been established, reported that a monster mass meeting, attended by about 20,000 people, was held there. General Huang Chang, Chief-of-Staff to the 19th Route Army, presided and General Chu Shiu-nien, Commander of the 78th Division in a speech recalled the circumstances leading to the outbreak of hostilities as well as details of the campaign which lasted for over thirty days.

The memorial meeting at Canton was attended by General Tsai Ting-kai, Commander of the famous 19th Route Army, and the South-Western leaders, including Generals Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi. In the course of his speech, reviewing the Shanghai campaign, General Tsai declared that the 19th Route Army was prepared to proceed immediately to the North to participate in resistance against the Japanese invaders.

The observance of the anniversary at Peiping was marred by the arrest of several students by the police for "radical speeches," while they were attending a mass meeting.

"Too Smart to Fight"

"The House of Peers throughout the War
Did nothing in par-tic-u-lar
And did it very well!"
—Lord Mount Ararat in *Iolanthe.*

(From "Time" (N. Y.) Jan. 2.)

So well did the Chinese Government do nothing in particular throughout 1932—resisting even the temptation to go to war with Japan—that last week China's budget sensationally balanced for the first time in 21 years.

Not stupid sluggishness but an astute, courageous policy of Government inaction on a nation-wide scale produced this magnificent result. When Chinese district generals and provincial governors clashed in their provinces the Government, instead of expensively asserting its authority, let them fight out their quarrels of the moment and let each winner keep the provincial revenues. Not the least amazing feature of Finance Minister Dr. T. V. Soong's balanced budget last week was the fact that under the heading Income from Provincial Revenues he was obliged to set down nil.

The sum of $12,000,000, spent by China's heroic 19th Route Army on its desperate and hopeless desense of Shanghai was contributed not by the Government at Nanking but by terror-stricken Shanghai bankers and merchants and patriotic Chinese abroad—a clear budgetary saving of $12,000,000. As Dr. Soong said stubbornly, three months after the Shanghai Incident: "At present the most important thing for China is to restore her financial stability. We must go on living within our income for a year. We have done it for five months. The Chinese financial situation is better now than that of any South American country!"

This was no empty claim since the Chinese Government, despite its sacrifice of the provincial revenues, still held and holds the main source of Chinese income, the maritime customs, a source beyond the reach of squabbling inland war lords. Moreover China's bonds are mostly payable in English pounds, and sterling has slipped steadly during 1933—thus making it easier for China to pay interest.

Japanese Empire's Census Population Set at 90,396,042

According to a preliminary report of the *Statistics Bureau*, published at Tokyo Jan. 23, the total population of Japan, including her colonies, is placed at 90,396,043 persons. This figure is based on the census carried out by the government in 1929. The population of Japan proper is said to be 64,450,005 persons.

While women predominated in 30 prefectures as against 17 prefectures for men within Japan proper, the men outnumbered the women by 330,305 persons, their respective figures being 32,399,155 and 32,059,850.

Despite the recent tendency toward industrial development, the farming elements were still in the great majority according to classification by industries, with more than 14 million followers. Those engaged in industrial activities came next with little more than 5 million persons. Business and commercial enterprises came next with nearly 4½ million persons. Mining engaged the least number with 236,180 persons. Total Population-Japan Proper, 64,450,005; Chosen, 21,058,305; Formosa, 4,593,537; Karafuto, 295,198; Grand Total, 90,396,043.

Attempt on Japan's Minister of Justice

An attempt was made at Tokyo on the morning of Jan. 3, to hurl a bottle of sulphuric acid at Mr. Koyama, Minister of Justice, when he was leaving his house to proceed to the Diet. It was frustrated by the arrest of a youth who was loitering outside the residence. A policeman became suspicious and accosted the loiterer, who thereupon fled, throwing away the acid as he ran. He was pursued and finally caught. Interrogations revealed that the assailant was a member of a reactionary society which is indignant because they consider that the Minister of Justice ought to have resigned and taken responsibility for one of the judges under him becoming a Communist.

Art Treasures Removed from Peiping

The gigantic task of removing 3,000 wooden cases of art treasures from the store-rooms of the Palace Museum to Taiwumen, Peiping, preparatory to their conveyance to the railway station for removal to Nanking and Shanghai was commenced Jan. 3. Additional police were posted along the route to prevent demonstrations on the part of public bodies, which threatened drastic measures to keep the treasures in Peiping. A special train is carrying the treasures via the Peiping-Hankow and Lunghai Railway.

Chinese Capital Observes Old Chinese "New Year"

Despite repeated orders issued by both National and Municipal Governments against observance of Old Chinese New Year, Nanking, the National Capital, observed the holiday as of yore.

Interviewed by the Chinese press, Wang Tsung-chih, director of Social Affairs Bureau of the Municipal Government, deprecated the violation of government regulations on part of banks and money shops. Mr. Wang declared that in 1930, the National Government issued an official mandate abolishing the old Chinese calendar. There were, however, objections by certain merchants on the ground that there were numerous inconveniences if the government enforced the order.

In accordance with such petitions the government agreed to fix the end of the month of January as the official time for closing the year's accounts. Despite that ruling by the government, merchants continued to use the New Year's Eve in the old Chinese calendar as the time for closing accounts. In that way, there was never a fixed date. This year, the day fell on January 25. It would be some other day next year. Mr. Wang, in conclusion, expressed the hope that leaders in financial and commercial circles would support the government program of abolishing the old Chinese calendar.

Three Communists Join the Kuomintang

A surprise was sprung on press correspondents at Nanking, Jan. 27, when, at a press reception given by the Central Publicity Committee, they were introduced to three former Chinese Communists, who have been converted to the cause of the Kuomintang, namely, Messrs. Huang Ping, Yu Fei and Hsu Shih-keng, After being introduced, Huang Ping, who held important positions in the Communist party, gave his reasons for having withdrawn from that party and joining the Kuomintang. Mr. Huang said he was convinced that there was absolutely no possibility of the Communist doctrines being realized in such an economically backward country as China. He pointed out that even in Soviet Russia, which is supposed to be Communistic, the real doctrines of Communism were still far from being realized.

The questson now confronting China consisted not in a class struggle but rather in saving the nation from the Japanese Imperialistic aggressions, extermination of the remnant militarists, and the attainment of real national unification. Mr. Huan said that he was convinced that the so-called Communist Revolution would not bring about a revival of rural economy and alleviation of the people's sufferings.

Messrs. Yu Fei and Hsu Shih-keng, the other two converts, also gave brief addressess giving their reasons for their conversion to the Kuomintang cause.

Anti-British Feeling Grows in Nanking

Anti-British feeling in Nanking is increasing as the result of the publication daily of Chinese reports from Geneva alleging that the attitude of the British delegation to the League is anti-Chinese and pro-Japanese. Under the heading, "Britain and the Drafting Committee of Nine," the official *Central Daily News* at Nanking in a leading article, said that the news of Britain's pro-Japanese attitude at Geneva does not come as a surprise to Nanking. The newspaper adds that the League of Nations was formerly controlled by Britain and France combined, but that at present it is under the sole dictation of Britain. That the drafting committee of Nine is monopolized by the British delegate is, therefore, only a matter of certainty.

In the meantime the latent suspicion persists that the recent hints from Geneva that Britain and France agreed to Japan having a free hand in Manchuria in exchange for her withdrawing from Shanghai last Spring, are well-founded.

Opposition Grows to Sino-Japanese Tariff Treaty

Opposition is growing at Nanking against the renewal of the Sino-Japanese Tariff Treaty, which expires on May 6 of this year. Chinese bodies are of the opinion that, in view of the present anti-Japanese boycott, it is useless to renew the treaty or to institute negotiations for its revision. The Treaty was signed on May 6, 1930, and took effect as from May 16, 1930.

An Economic Policy for China

BY A. J. HUGHES*
(in the China Press)

SEVERAL comments have recently been made by China's leading statesmen which have arrested my attention as they confirm fully the opinions I have held and expressed for a great many years regarding the vital necessity for the adoption of an economic policy which will encourage and protect economic development in China. One of these statements to which I refer is contained in a speech made by General Chiang Kai-shek recently when he said that the communist-bandit problem was more economic than military. This is undoubtedly true, but he might have made this statement far more inclusive. Economic development on a sound basis must be the determining factor of China's progress politically, socially and in other respects. How can any administrative body function efficiently without an adequate revenue which can only be legitimately derived from the surplus earnings of employment and production? As long as the population generally can only earn a bare living subsistence the immediate financial necessities must burden oppressively capital and commerce within reach of taxation and seriously handicap economic progress. I made this the subject of an article written for a Chinese journal over 15 years ago entitled "The Only Way." Had China taken advantage of her golden opportunities she would be one of the most prosperous and influential of the great world powers today.

These opportunities are still knocking at her door which if opened to them would quickly give China that status among the nations of the world that her vast geographical area and industrious and intelligent population and her illimitable natural resources should entitle her to occupy.

Potential Importance of Overseas Chinese

The adoption of an economic policy encouraging and protecting capital and commerce would result in material progress at a rate probably unexcelled by any other nation. A well known American financier who spent a few months in China just before the war remarked to me that he understood as never before why China was the object of so much concern to the trading nations of the world and expressed the opinion that while the nineteenth century belonged to America in respect of economic progress the twentieth century would belong to China. This was 18 years ago but China's teeming millions are still literally starving in the midst of plenty.

China possesses in abundance all the essentials for economic development including the largest population of any country in the world, cheap and efficient labor, a home market greater than any other, vast and untapped natural resources and in more recent years tariff protection for industrial enterprises. China's resources afford also ample security for the investment of almost an unlimited amount of capital. Moreover, the capital so urgently required is available if facilities are afforded which are within the power of the government to provide. Apart from foreign capital the potential value of the overseas Chinese communities in the economic reconstruction of China must be considered. It is estimated that there are 10,000,000 overseas Chinese whose remittances to China in normal times average about $250,000,000 annually. A well-known Chinese from British Malaya is visiting Shanghai at this time for the purpose of investigating the opportunities for capital investment in China and the formation of a League of Overseas Chinese to further economic development in the Homeland.

It is unnecessary to enter into any academic discussion as to whether or not economic expansion on western lines is the best policy for China. It is undoubtedly in some respects open to question. It is unfortunately true, however, that to a large extent Occidental methods must be adopted if China is to meet successfully international economic pressure and eliminate objectionable factors in her international relations.

At this early stage in China's reconstructive period it would appear desirable to encourage rather than to forbid the formation of public utility companies and to permit the greatest measure of freedom of selection and control in the investment of capital with no other interference by the State than is necessary to enforce compliance with its laws. Public utility companies should operate under Government or Municipal franchises suitably protecting public interests and providing for the payment of "royalties" to Municipalities or Government as the case may be.

Furthermore, those public utilities and other economic ventures at present state-owned might be capitalised under such public franchises, thus returning to government funds the capital value of the franchise and assuring a continuous annual revenue from royalties. Such a procedure would go a long way in providing for the cost of administrative reconstruction such as disbandment of useless and costly armies, currency reform, the proper upkeep of the diplomatic and consular service, the suppression of communist-banditry and the rehabilitation of districts stricken by it as well as by flood, famine and civil warfare.

The Need for Cooperation

The time is most opportune for enlisting foreign as well as Chinese co-operation in developing the vast economic resources of China. The Minister of Finance, T. V. Soong, has recently presented to the public a statement of administrative financial progress during the past year unequalled since the inception of the Republic and highly creditable to him and his colleagues which must make a profoundly favorable impression not only in his own country but throughout the world. It will require broader economic conceptions than now appear to dictate the national policy. Subject to China's own laws there must be freedom of control by those who risk their capital. Freedom from oppressive taxation and administrative interference must be assured. The narrow and suspicious attitude to foreign capital and co-operation should be abandoned. Such co-operation would tend to stabilize and strengthen sovereign integrity rather than undermine it and moreover foreign capital should earn more for the country in which it is invested than that paid for the use of it. America's amazing development, for example, would have been impossible without foreign capital and enterprise. British capital investments in that country at the outbreak of war alone amounted to over Gold $4,000,000,000. The recent change in Britain's fiscal policy has stimulated the investment of foreign capital in England. A *Reuter's* cable dated the 19th of December refers to the establishment of over 200 factories by foreign manufacturers employing over 14,000 workers. Employment of the masses is of far greater importance than the interest on the capital that is paid to those who subscribe it. A cotton industry for example, established in China with a capital of say $5,000,000 would probably expend at least $1,000,000 per annum in wages alone. A very apt illustration of foreign and Chinese co-operation in industrial development occurs in the case of the Yao Hun Glass Company established at Chinwangtao which has been producing approximately 200 cases of glass a year. This company has just completed additions to its plant which will enable it in a short time to double its output. Until the establishment of this company China was importing about 600,000 cases of glass each year each containing 100 sq. ft. so that when the additions to the factory are completed it will be in a position to meet more than 50 per cent of the entire requirements of China. The company is a registered Chinese company with the shares equally divided between Chinese and Belgian subscribers who have more or less equal representation on the Board of Directors. "Finance and Commerce" in its issue of December 21, refers to this company as the ideal to be aimed at in the collaboration of Chinese commercial interests with foreign capital and technical assistance and points out that if industrial development is extended on these lines further progress will come quickly as soon as confidence in political stability is restored.

There is a turn in the tide of the affairs of nations as well as men that, if taken at the flood, leads on to fortune. There are indications that the turn in respect to China is now taking place. Whether or not it is directed in the right course lies in the hands of China's statesmen of today.

*The writer is general manager of the executive committee of the China United Assurance Society.

Some Practical Applications of Farm Relief

BY C. Y. W. MENG (孟長詠)

SINCE the flood relief work has been completed, it is reported that the National Government has undertaken rather vigorously farm relief work. According to the report, the provincial authorities have been authorized to establish agricultural banks and the establishment of a central agricultural bank is said to be under preparation, for the sole purpose of giving financial assistance to the farmers. This work is rendered more urgent and necessary in view of the present condition of the Chinese farmers who constitute the bulk of the Chinese population. D. Y. Lin, Dean of the School of Agriculture of the University of Nanking, and for many years superintendent of relief works in various places, when interviewed, explained how the farm relief work has been carried out, particularly in the Ningshu District (甯屬區), under his direction.

No sooner had the labor relief work of the Ningshu District been wound up with a record of having about a million mow of damaged rice fields repaired by means of refugee labor, than Dr. Lin started another form of relief, known as the loan method, whereby the farmers were loaned seed grain or money for the purchase of seed grain, fertilizers or implements for the planting of their winter crops. To enlist the help of as many people interested in this form of relief as possible, Mr. Lin, together with a number of persons serving under various agencies, who had been actively interested in the last flood relief work, organized an Association known as the Ningshu Agricultural Relief Association with headquarters at 3 Han Chia Hsiang, Nanking. The object of this Association was "to facilitate and coordinate the follow-up work entailed by the loan method of relief of the Ningshu District Field Relief Office, and to afford a permanent agency for promoting the agricultural and economic welfare of the rural population of this region." At the first meeting of the Association, to which over 10 public organizations interested in relief work sent representatives, the following persons were elected to serve on the Board of Directors for the Association:

D. Y. Lin (Lin Tao-yang)

D. Y. Lin, Superintendent of Flood Relief—Chairman.
R. S. Hall, Secretary, Y. M. C. A.—Treasurer.
P. F. Kao, Member National Capital Reconstruction Bureau—Secretary.
Kuo Shu-ching, Pastor American Church Mission—Member.
Dr. Hu Toh, agricultural expert, Ministry of Industries—Member.
Mrs. Li Sie Wei-Peng, Secretary, Y. W. C. A.—Member
Chi Chung-chuan, Technical Director Central Agricultural Extension Commission—Member

A program of work having been drawn up by these directors, it was decided to concentrate, at least for the time being, all their efforts in the four hsiens (Kiangning, Chuyung, Lishui and Kao-hsuan) along the Ching Hwei (秦淮) where the 1931 flood had done the most damage.

Colonization Work

One very interesting piece of work started by the Association in co-operation with the Chu-yung magistrate is the "Colonization Plan" in which the Association proposes to recruit and select the industrious able-bodied famine sufferers, for the colonization and cultivation of a tract of uncultivated land known as Ma Kong in the 7th Chu (區 or district) of Chu-yung hsien. This is public land, comprising more than 3,500 mow and is suitable for horticulture, sericulture, animal husbandry and experimental stations. The magistrate has officially set aside this plot of land for such colonization purposes, and according to Mr. Lin, the land when brought under cultivation, should support at least 150 families.

According to the plan, the colonists are first given enough money, on a loan basis, to buy seeds, food and materials for shelter for the first year, and they must refund such loans within a period of 3 to 5 years as soon as they become independent and self-supporting. A group of 50 families have already been recruited, and it is expected that more will be recruited as soon as arrangements are made. In explanation Mr. Lin said, "This enterprise is unquestionably worth doing for its own sake. And its chief value lies in its value, as the example it sets and the encouragement it gives for similar enterprises undertaken perhaps on a much larger scale in other places where colonization is both needed and possible.

Training of Refugee Orphans

Another piece of work undertaken by the Association is that of giving financial assistance and technical guidance to the Kiangpu Relief Institute for the support and training of 40 refugee orphans in practical elementary agricultural work. These orphans were taken from the devasted districts of Kiangpu during the 1931 flood and they are from 12 to 15 years old. They now have had two semesters' work at the Institute, and it is hoped that by the time they graduate they will have had enough practical training so that they could be sent out as workers or apprentices on large farms.

Farm Short-Term Loans

Perhaps the most significant piece of work undertaken during the last 3 or 4 months by the Association was that of giving Short Time Mortgage and personal loans to the needy farmers in the Ching-Hwai region, who were facing great difficulties due to the extremely low prices of their rice crops during the fall of 1932. The disadvantageous position of these farmers became apparent when it was realized that in order to purchase seed for planting their winter crops they had to dispose of about twice as much rice as necessary, when a few months later the value of rice needed, would have materially advanced.

As soon as a preliminary survey had been made, the Association lost no time in bringing before the Nanking public this serious situation, and in enlisting the co-operation and support of not only the various philanthropic agencies in the city but also some of the local banks, they became interested in the loan method relief. When enough funds had been pledged, the Association began at once establishing granaries or depositaries in the different villages in the Ching-Hwai region, and at the same time notifying all farmers that they could apply for short-term loans at the Association headquarters for the purchase of their seeds for winter planting, by registering and depositing their cheap rice as mortgage in the various depositaries. By taking such immediate steps, the Association was certainly administering a substantial measure of relief to these hard-pressed farmers.

Over a Hundred Farm Depositaries Established

According to Mr. Lin, the Association to date, has established and helped to establish 101 depositaries in as many as 116 villages scattered in the 4 hsiens along the Ching Hwai River. These depositaries or granaries were established according to the number of depositors and the local transportation facilities. Many stories have been told of how hundreds of farmers carried rice on their shoulders and had to walk for 30 or more miles to get to the Association depositaries where they left it as collateral for the loans they applied for.

15,000 Needy Farmers Helped

Asked about the number and the kind of rural families helped, Mr. Lin said, "According to this method, we have already made loans to and helped 3,014 rural families, on an average of 5 to a family, or 15,070 people. Mind you, these are bonafide needy farmers who actually cultivated land. We did not intend to help the farmers who in our opinion could arrange to help themselves. Only those farmers whose cultivated area was less than 30 mow were qualified to apply for such loans.

"Each rural family," continued Mr. Lin, "could mortgage and deposit with the Association at most 15 tan (担) of new rice. A tan is to be 100 catties and for

each tan of rice mortgaged the family received $2.00 at an interest rate of one cent per dollar per month. We have allowed either 4 months or 6 months for paying off such loans, and when loans become due, payments including interest must be made and the rice mortgaged must be taken away from the depository.

"Since we started this work we have $2,225, which was paid out as personal loans based on personal securities that we consider sufficient. The sum of $46,169 for 3,014 families means an average of a little over $15 to a family. Since the primary object of this work was that of helping the poor farmers to buy their seeds, fertilizers or implements for their winter crop, we consider the sum of $15 per family quite a substantial aid, and especially so when these farmers by receiving help, did not have to sell their rice at ruinous prices during the last few months.

Asked about the management of so many rice depositaries scattered over such a vast area, Mr. Lin explained that "It would be impossible for the Association with only a few secretaries, to try to manage all of them. We however, put the responsibility of their management on the so-called 'Depositary Custodian Committee,' composed of local men elected from among the depositors. The duty of such a committee is that of protecting and managing the depository and of acting as trustees for all the farmers using the depository.

"At the expiration of the loan term, the Depositary Custodian Committee will collect all the loans plus interest and hand the same to the Association and at the same time return the mortgaged rice to the owners."

Holding in his hand a specimen of the "Deposit Receipt" issued by the Association for the rice mortgaged, and showing it to your correspondent, Mr. Lin explained, "This is the kind of Deposit Receipt we have issued, and it is simple and plainly worded. Since such Deposit Receipts are the only proofs recognized for getting the rice out of our depositaries, they may be sold or mortgaged in the open market, but it is understood that at the expiration of the loan terms, payments must be made, otherwise the Association would take steps to foreclose and have the rice auctioned."

Depositaries Must Be Insured

"You might be interested to know also," continued Mr. Lin, "that we required the farmers to insure the depositaries against fire and we have undertaken to negotiate with insurance companies in their behalf, and they must pay the insurance fee. In case of fire and the depositary is not insured the Association would not be responsible for damage sustained. Since however, we required all depositaries established, to be built of brick, have tile roofs, and be located on high and dry foundations, we don't think there will be much danger of fire."

Co-operative Society for Crop Improvement

In addition to colonization work, the training of refugee orphans and providing short-term mortgage and personal loans to farmers, the Association has undertaken also to reorganize Heh Tsoh Shie, or Co-operative Societies for the improvement of agricultural products in the different rural districts in the Ching Whai area. Questioned on this type of agricultural relief work, Mr. Lin said, "Yes, we have just organized in the 4th and 5th Chu of Kiangninhsien 264 families into co-operative societies for the purpose of improving the wheat production and of introducing and extending the cultivation of that variety of wheat called No. 26, which has been tried out in Nanking University to be the best variety for cultivation in the Ningshu District. We have distributed to these 264 families, also on loan basis, altogether 7,283 catties of the No. 26 seed wheat for an aggregate area of 1,130 mow, and required these participating farmers upon receiving such seed loans, to observe certain directions for crop improvement and to follow a few simple co-operative rules in their respective societies. It is our hope that after a few years this No. 26 will become the only variety for cultivation in our District and that means an increase in wheat production by 10 to 15% for the District."

Emphasizing the importance of rural coperative societies, Mr. Lin conluded his remarks by saying, "These Cooperative Societies are, in our opinion, most important, and we hope to make them a permanent feature of our work in the Ningshu District. Think of the hundreds of things that we could do for soil and crop improvement, animal breeding, forestry and for general rural betterment through such societies. The solution of China's agricultural problem in my opinion lies in having such co-operative societies properly organized and properly directed."

Nanking, January 28, 1933.

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Child Welfare Association Holds Annual Meeting

The annual general meeting of the National Child Welfare Association of China was held in the Sun Yat-sen Memorial Hall of the National Y.M.C.A. Building, 20 Museum Road, Shanghai Jan. 28.

In the absence of the president, Dr. H. H. Kung, Dr. R. Y. Lo made the presidential speech.

This Association is a social organization approved by the National Government, whose purpose is to "advocate, protect and insure the rights of the children of China and promote, in every possible way, their well-being." The major lines of activities of the Association are the rescue and protection of exploited children, training of destitute orphans and their placing in substitute homes, promotion of child hygiene by the visitation of nurses, study of methods of child training and parent education, and a campaign of agitation for public opinion. It is maintaining three institutions in Shanghai, a Child Welfare Home and Placing Agency in 93 Wayside Road, a Nursery School and Child Health Clinic in 119 Yangtzepoo Road.

The Association's officers and members of the Executive Committee are: Dr. H. H. Kung, president; Dr. R. Y. Lo, first vice-president; Mrs. Herman C. E. Liu, second vice-president, Prof. H. C. Chen, secretary-treasurer; T. N. Lee, assistant treasurer; Mrs. C. J. Chancellor, Geo. A. Fitch, Dr. Fong F. Sec, Mrs. Geo B. Fryer, Judge W. Y. Hu, Dr. W. S. New, Hon. K. C. Pan, Dr. Frank Rawlinson, Miss Ting Shu-ching, and Dr. S. M. Woo.

Nanking Pays Monthly Subsidy of $300,000 to Canton

The Chinese press on Jan. 26, published recent telegrams exchanged between General Chen Chi-tang, recognized military leader in South China, and the Central Government with regard to Nanking's subsidy to Canton.

Press reports state that despite its monthly revenue of $6,000,000, Kwangtung Province has been unable to meet its expenses, due to its exceptionally large military budget. Upon the petition of the Canton authorities for monthly subsidies, the Central Government, despite its own financial difficulties, has agreed to appropriate monthly $300,000 to subsidize Canton for the latter's reconstruction projects.

On January 8, General Chin Chi-tang telegraphed to the Government asking for Canton's subsidy for the month of January. The Government, in its reply, stated that the regular amount of $300,000 was immediately remitted to Canton through two Chinese banks.

Chinese War Heroes to Be Buried on Purple Mountain

The first anniversary of the Japanese invasion of Shanghai was fittingly commemorated at Nanking Jan. 28. One of the incidents of the day was to make preparations for the burial of the dead soldiers of the Nineteenth and Fifth Route armies which participated in the Shanghai War. Of the thousands who fell only 128 bodies will be buried in the tomb recently erected on Purple Mountain to perpetuate their memory. The honor of being buried in this tomb will be accorded to those whose names are drawn. The remains of the 128 dead soldiers are expected to reach Nanking about the middle of February, when burial will take place. The figure "128" denotes the date on which the Shanghai outbreak occurred—namely the 28th day of the 1st month.

Kweichow Chairman Killed in Battle

General Yu Kuo-chai, acting chairman of the Kweichow Provincial Government, is reported to have been killed in battle against General Wang Chia-lieh, whom he not long ago ousted from Kweiyang, the provincial capital.

While the fate of General Yu is still uncertain, all the reports indicate that his victory over General Wang was shortlived. The latter is believed to have re-entered Kweiyang on January 18 after staging a successful comeback.

The latest phase of the Kweichow war is stated to have created an awkward situation from the standpoint of Nanking, When he was driven out from Kweiyang, General Wang Chai-lieh was relieved of his post as chairman of the Kweichow government and General Yu Kuo-chai was appointed acting chairman. The question is being asked whether General Wang will regain his lost post now that he has made a succeessful comeback.

America, Europe and the Manchuria Question

BY THOMAS F. MILLARD, LL.D.*
(Adviser to the Government of the Republic of China)

THE interest of the people of the United States of America in the Far East is based on geographical location and the policy of the American Government takes its thesis on that ground.

Having crossed the Atlantic Ocean the white settlers in North America pressed steadily Westward across the continent until they reached the Pacific Ocean. Looking across that vast expanse they saw Eastern Asia with its teeming population and realized that they had reached the Western limit of their pioneering. They came to realize, too, as time passed, the tremendous importance to them of their contacts and relations with the inhabitants of Asia. From the time its flag was flown on the Eastern shores of that ocean the United States became fundamentally a Pacific Ocean power.

Since the government of the United States was formed it has expounded and developed only two major foreign policies, the Monroe Doctrine relating to the American continents, and the Hay Doctrine relating to China. John Hay said when he was Secretary of State, in effect, that those who comprehend China will hold the key to world politics for the next two hundred years. Long before Hay's day American statesmen concluded that it is contrary to the interest of the United States for China to pass under the control of a European or of another Asiatic state, but the question as a practical problem was then remote.

Thomas F. Millard

The young American nation was, however, active in establishing friendly contacts with the peoples of Asia. Prior to about twenty years ago there was no preference in the minds of Americans, or in the policy of the American Government, as between Japan and China. Japan was not then envisaged as a probable menace to the political autonomy and territorial integrity of China or as an antagonist to American policy.

It is well to remark at this point that when the policy of the American Government toward the Far East, and China, was conceived it had no thought of hostility or detriment to any nation. It took the territorial and racial and governmental demarkations as it found them, which were, in the main, as those had existed for centuries. If divergences developed between the American policy and those of other governments that it not because the American policy has changed but is because policies of other governments have developed on lines antagonistic to the American policy.

It is not important now just when Japanese princes and emperors conceived the idea of conquest on the mainland of Asia. Japan's geographical position had protected her from the Mongol and Manchu excursions Eastward, and similarly, from the dynastic and feudal depredation of Europe. But reactions of those movements were felt in Japan and it was inevitable, perhaps, that an aspiration to imitate them would take root there.

The rise and subsidence of extraneous "imperialism" as applied to China will be sketched here only to show the hypothesis and applications of the policy of the American Government.

The weakness of China as a military nation was apparent to Japan long before it was suspected by Europe. Taking advantage of it Japan conceived the policy of obtaining a territorial foothold on the mainland and brought on in 1894 a war with China, which she won without much difficulty. Her victory exposed the full weakness of China to the rest of the world and thereby resulted an ominous extension of the "imperialistic" policy and methods of Europe to Eastern Asia. From 1895 onwards the battle of concessions and the policy of dividing the crumbling Empire into spheres of influence or interest was started. Vague talks of the break-up of China found expression in responsible quarters in Europe. The dangers of that situation were becoming recognized and in 1899 John Hay, at that time American Secretary of State, sought to check those developments and safeguard the national integrity of China, and a policy of equal trade opportunities there, by obtaining the assent of the major powers to what is called the "Hay Doctrine" and its corollary, the "open door" principle. Since 1899 the Hay Doctrine has been the public international policy regarding China and it was not flagrantly disregarded by any power until Japan, taking advantage of the situation caused by the World War, presented the Twenty-one Demands to China in 1915.

During the period when the Chinese Government was casting about for ways and means to check or counterbalance the pressure of European powers on her, certain territorial "concessions" in China were proffered to the United States. At that time, the American Government

*In a foreword, the author writes:

"I find, after three months spent observing the reactions of Europe and England to the undeclared war between Japan and China, that, while the governments of Europe and Great Britain, and to some extent the people of those countries, have fairly clear ideas about what has happened in the Far East since September 18th, 1931, they have very hazy and in the main erroneous ideas about the reasons and motives that actuate the American Government towards the issues raised by Japan's conduct. Still less do those governments and peoples, apparently, comprehend how their own attitudes toward those issues will affect hereafter the policy of the American Government and the sentiments of the American people toward Europe (including England) and the League of Nations. I have here tried to present briefly and in the simplest terms what is involved, as between America and Europe, in the outcome of this clash between Japan and China."

declared on principle its unwillingness to acquire any territory or leaseholds or special concessions in China, and it refused those offers.

Although Japan had given "lip service" to the Hay Doctrine she remained unsatisfied. Other powers might afford to forego acquisitive designs upon China provided they had equal commercial and economic opportunities there. But Japan continued to nurse, more or less openly, the purpose to extend her sovereignty to the continent of Asia. To that end Japan went to war against Russia. In the peace treaty following that war Japan promised to respect the independence of Korea, but never relaxed her military occupation of that country and a few years later annexed it to Japan.

The Russo-Japan war was fought (except sea engagements) on China's territory. Russia ceded to Japan her equity in the southern part of the Chinese Eastern Railway (now named the South Manchuria Railway) and other privileges in Manchuria and the Chinese Government unwillingly consented to the transfer. Out of that situation the present issue in Manchuria developed.

The methods used by Japan from 1905 to 1931 to consolidate and extend her position in Manchuria need be but briefly outlined here. With, at times, secret diplomatic aid of some powers, Japan hindered efforts of the Chinese Government and of Chinese private citizens to develop those provinces, except under Japan's wing, and defeated efforts of friendly foreign powers to ease the tense situation in that region. Mr. Philander Knox, American Secretary of State, advanced a proposal for the international neutralization of all railways in Manchuria which the Japanese Government, privately aided by British, French and Russia diplomacy at Peking, frustrated. By the same methods, plans for additional railways in Manchuria, with the aid of American capital, were blocked.

World War Gave Japan the Opportunity

Commencement of the World War gave Japan an unexpected opportunity. It absorbed all the major powers excepting the United States and even that power was vicariously affected to a large extent from the beginning of the war. For the moment Japan had a comparatively free hand in the Far East. On pretence of preventing a disturbance in that part of the world, Japan created one, declared war on Germany and sent an expedition to take the German leased territory of Kiaochou Bay in Shantung. The Chinese Government protested in vain. The small German garrison could make but feeble resistance and Tsingtau was soon taken by Japanese troops. In a few months the Japanese occupied the greater part of Shantung province.

Japan's occupation of Shantung was followed in 1915 by the secret presentation to China of the Twenty-one Demands which if conceded would have transfered much of China's sovereignty to Japan. Japan at first denied to the powers having presented any demands, then admitted having presented certain demands much less strong and sweeping than the real ones. In due course Japan's duplicity was exposed and protests by the American Government and the disapproval (although they were at war and could not intervene effectively) of other powers caused the Japanese Government to moderate its policy. Under ultimatum from Japan the Chinese Government in 1915 signed agreements whereby some of Japan's demands were conceded, but in so doing the Chinese Government published to the world that it acted under menace. The American Government published its exceptions to those agreements. All through the World War Japan's acts and Japanese activities in China caused great uneasiness and unrest there.

In estimating the events previously sketched and their relation to the policy of the United States the influence of the Anglo-Japan alliance should be remarked. Without having first obtained that alliance Japan hardly would have ventured into the war with Russia. After that war the alliance fortified Japan in all her dealing with Korea and China. Appearing on the surface only at times it nevertheless was always in the background. That is not to mean that the British Government always approved Japan's acts, but the alliance inhibited it in opposing them.

When the United States entered the World War the Chinese Government, persuaded chiefly by the American Government (Japan secretly opposed China's entry), also declared war on Germany, and China appeared at the peace conference as one of the Allies and Associated Powers.

As one who was at Paris during that time, this writer recalls vividly the shock caused when it was revealed that the British, French, and Italian, governments had, almost at the moment when the United States and China were entering the war on the side of the Allies, made secret agreements with the Japanese Government to support Japan in retaining what she had wrested from Germany in Shantung and what she had usurped there in addition. How President Wilson was persuaded, against his conscience as is believed and against his sense of right as he afterward admitted, to consent to that perversion still is to some extent shrouded in a diplomatic fog. We may, however, trace effects of that action.

Japan got in the peace terms what she wanted in Shantung, but subsequent action of the American Government prevented those terms from being carried out. The so-called "Shantung clauses" of the Versailles treaty were a principal reason why the American Senate would not ratify the treaty: before final action on the treaty the Senate specifically repudiated, by resolution, the Shantung clauses.

Beyond a reasonable doubt, also, the double-dealing secret diplomacy revealed by those agreements between powers in Europe and Japan and which breached one of the fundamental policies of the United States, was instrumental in keeping the American Government out of the League of Nations.

That incident left a rift of suspicion in the relations of the American Government with Great Britain that remains to this day. When questioned in Parliament Earl (then Mister) Balfour said that he had told President Wilson, when on a special mission to Washington at the time America entered the war, of those agreements. President Wilson told the Foreign Relations Committee of the Senate that he first learned of them at Paris. In strict privacy, as those behind the diplomatic screen knew, representatives of those powers excused those secret agreements by saying they were made at a desperate moment in the war to prevent Japan from swinging over to the Central powers.

One of the first important acts of the Harding Administration, which succeeded that of Mr. Wilson, was to convene an international conference composed of powers having territorial possessions and other interests in the Far East, to consider, among other matters, the post-war situation in that region. The Japanese Government used all the artifices of diplomacy to prevent that conference but without success. A significant result of that conference, which was held at Washington, was the dissolution of the Anglo-Japan alliance, beyond doubt under strong pressure of the American Government. With that alliance out of the way the 5/5/3 naval agreement and the nine-powers treaty of Washington became possible.

Provisions of Washington Treaty

The Washington treaty defined and recognized the territorial domain, territorial integrity, and political autonomy of China, specifically including Manchuria. I quote a resolution regarding China. The signatory powers agreed, viz.:

"To respect the sovereignty, the independence, and the territorial and administrative integrity of China;

"To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;

"To maintain the principle of equal opportunity for the commerce and industry of all nations and to refrain from taking advantage of conditions in China to seek special privileges; and

"Not to make any agreement either among themselves or with any other power which would infringe the first provision of the treaty."

That resolution was drafted by Mr. Elihu Root, a member of the American delegation at the conference, a former Secretary of State, and one of the world's foremost lawyers. Mr. Charles Evans Hughes, at that time Secretary of State, and now Chief Justice of the U. S. Supreme Court, presided at the conference and signed the treaty. The Washington treaty is the first multilateral treaty ever made by the American Government. No treaty was ever made under friendlier conditions. There was no defeated or subdued nation to be dealt with arbitrarily, as is the case with many treaties. No treaty ever made by the American Government attracted, in its making, so much popular interest and was so heartily approved by the American people as that one.

The major political object of the American Government at Washington in 1921-22 was to assure a political situation in the Far East and in the Pacific area that would ameliorate international frictions there and prevent war. No new doctrine was introduced into the

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The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

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treaty. No new divisions or assignments of territory were made or envisaged. The principles of the Hay Doctrine, until then embodied merely in notes exchanged between powers, were put into a written treaty which was signed and ratified by the governments of Japan, China, Great Britain, France, Portugal, Belgium, Italy, Holland, and the United States.

To obtain those results the American Government consented to scrap a great navy then in process of construction. It agreed, as a concession to Japan's susceptibilities and as an assurance that the United States has no aggressive designs in the Western Pacific, not to fortify Guam and not to extend its naval bases and fortifications in the Philippines. The United States Government not only has held strictly to those agreements; it has fallen in armaments considerably below what it is permitted by them to do. On the other hand American naval observers firmly believe that Japan has considerably exceeded, by devices and subterfuges, in armaments what is permitted to her by the agreements. The concessions made by the American Government at Washington, and later at the London naval conference, were strongly opposed by American naval experts.

It is pertinent that the Washington treaty and agreements were made with full knowledge of the disturbed and weak state of China. Had not China been weak and disturbed and disorganized there would have been no reasons for the Root resolutions. Had not there been cause to suspect some, or one of the powers, of sinister designs towards China there would have been no special need for those resolutions. Those resolutions were not fired wildly in the air. They were aimed at something on the earth. They were made to fit an actual case.

At Washington Japan agreed to withdraw from Shantung.

The Japanese press was open in its chagrin at what was done at Washington. Since that treaty was made Japan publicists have plainly regarded the United States as opposed to Japan's "legitimate requirements and needs." What "requirements and needs" the Japanese had in mind are now plainly demonstrated by events.

The collocation of events in Eastern Asia since 1922, the Pacific Ocean policy of the American Government, its relation to Europe and the League of Nations, now becomes clear.

If the Covenant of the League, the Kellogg-Briand Pact, the Washington treaty, are useless in preventing aggressions of one signatory state upon another signatory state, and can provide no security to states of lesser strength which by proximity are open to be invaded by a stronger (in military and naval force) state, then of what "practical" use are treaties and pacts and covenants and agreements?

The Question of Security

What security do such instruments provide against sudden invasion?

Of what use are they in preventing war? Of what use will it be to call what Japan has done in China in recent years "force" instead of "war"? She has invaded China, has killed and injured tens of thousands of Chinese and destroyed hundreds of millions dollars worth of Chinese property, without warning and without declaring war, and how is that remedied or safeguarded against hereafter by getting new international commitments to outlaw "force"? And will a government that does such things care any more about or pay any more respect to an outlawing of "force" than they care about and respect the covenants and pacts and agreements already in existence?

Since the World War it is the fashion in Europe to criticize the American nation (the United States is meant) because, so it is said, they hold aloof from Europe and its problems and will not co-operate in solving those problems, implying that the American nation is concerned selfishly about its own affairs and are careless about Europe's troubles. At the same time, with obvious inconsistency, it is said that we are "impractical" in political matters, especially in foreign affairs, and that our foreign policies are governed by "altruistic idealism."

In truth the foreign policies of the American nation nearly always have been extremely "practical" and they seldom are blinded by or unduly influenced by idealism, although there are noteworthy instances to the contrary.

When the World War began the American Government was not informed of the private agreements among governments in Europe that determined the primary alignment of the nations in the war, and still less did it know the private considerations underlying those agreements. The American Government had no quarrel with any of the nations that entered the war and had no treaty commitments regarding the issues at stake.

Yet the American government and people were at once subjected to a tremendous foreign propaganda declaring that they had "moral" responsibilities involved with the conflict, an idea that still survives in Europe. That argument logically means that the American nation can be, and is, committed to a line of action in disputes between foreign nations about which, and with whom, it has no treaties or other commitments to that effect. That theory gives to Europe the prerogative of deciding how and when the American nation is "morally" bound to do so and so.

How much interest do the nations of Europe take in the foreign policies of the American nation? What are Europe's "moral obligations" to America? Or to China?

It is practically impossible, because all treaties must be ratified by the Senate, for the American Government to have any secret treaties. The governments of Europe therefore know all the time what the treaty commitments of the American nation are and know beforehand how the American Government are presumed to act about international issues in so far as those are embodied in treaties.

Six of the governments of Europe made a treaty with the United States agreeing to respect the political and territorial integrity of China. Another signatory of that treaty has now plainly violated it. Are the European signatories in no way, "morally" or otherwise, obligated to defend and uphold that treaty? Just how much interest do those governments in Europe show now in defending "morally" or otherwise a fundamental foreign policy of the American nation, even when invoked to do so by a treaty they signed without coercion? I do not observe any haste of governments in Europe to rush to the support of the American Government in trying to uphold a policy to which they have solemnly agreed and in which the American nation is specially interested.

A treaty or agreement or contract cannot be broken in an essential particular and be binding in its remainder. A treaty cannot bind some nations and leave another signatory free to disregard it.

The Disappearance of Security

If the Washington treaty is worthless and can be disregarded at will by Japan then no treaty that the American nation or any nation with Japan can be depended on. If the treaty does not bind Japan then neither does it bind America. The naval agreements that were directly connected with the political considerations of the Washington treaty are worthless; they constitute now a positive danger to America. The security supposed to be provided for the Philippines by that treaty vanishes.

If the League fails to remedy this situation, and the Washington treaty also falls to the ground, many things will fall with it. It will thereafter be less than useless to depend on treaties and pacts to preserve peace and for security. It will be positively dangerous to do that. If the Washington treaty goes on the scrap-heap for lack of British and French support the confidence of Americans in England and France will wane.

Are some of the European governments (including England) really so "practical" in their dealings with America? Let us turn the thing about and inquire, "How practical is Europe in foreign affairs?"

At this moment governments in Europe are asking a very great and decidedly "practical" favor of the American people, who, if the debts owed to the United States by Europe are not paid, or are reduced, will have themselves to pay those debts in increased taxation.

What are the American people apt to think about disarmament in view of a Japanese military regime shaking its sword defiantly at the world? What will they think, as it might turn out, if, after the European debts are reduced or cancelled, the munitions makers of Europe supply Japan's military requirements, and if the financiers of Europe provide funds by loans for Japan's military expenditures in China? Nations in Europe might consider who are the better customers for their exports, Americans and Chinese on one side, or Japanese. Who spend annually more money in Europe, Americans or Japanese? Are these considerations "practical?"

Europe already has to reckon with a considerably disillusioned America. A moral (one does not expect too much from it in a practical way) failure of the League of Nations in its handling of the China-Japan dispute, or

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a shifty and timid evasion of it, however camouflaged by bland diplomacy, will not tend to draw Americans toward the League, to give them fresh confidence in Europe, or to make them feel like extending their "co-operation" over here.

The American Government, while awaiting action by the League on China's appeal, has on its own account made its position clear. It is opposed to what the Japanese militarists have done in China.

I will not venture to predict the course of events if the League, the Kellogg-Briand Pact, and the Washington treaty are ineffective in making the Japanese Government pause in its aggression upon China. Some possible eventuations are, however, visible.

The nations most interested in checking Japan's aggressive military policy are China and the United States. It is logical, therefore, that, other means failing, they may join to defend themselves, and if threatened by adverse combinations of other powers, resort then to international connections designed to offset those.

That, of course, would throw the world back to where it was before the great war, to the system of armaments and alliances. It is not a pleasant picture to contemplate.

Geneva, Nov. 18, 1932.

U. S. Legation Protests Against Postal Ban on "Far Eastern Review"

The American Legation has lodged a protest with the Nanking Government against withdrawing mailing privileges from *The Far Eastern Review*, according to a dispatch in *The New York Times* from its China correspondent, Hallett Abend. *The Far Eastern Review* is edited by George Bronson Rea, G$15,000-a-year adviser to the Japanese puppet state of Manchukuo. Mailing privileges for the magazine were recently withdrawn, the Nanking Government stating that the journal had consistently pursued a pro-Japanese policy and published articles inimical to the welfare of China. The American Legation was notified of Nanking's action by Edwin S. Cunningham, local U.S. Consul General, after the publisher, Mr. Rea protested.

"Legation officials admit," Mr. Abend's cable to *The New York Times* says, "that Nanking is retaliating because Mr. Rea is now in Geneva championing Manchukuo, but the legation declares Mr. Rea is within his rights in acting as adviser. They stress the importance of the principles involved, saying the action of Nanking if allowed to go unchallenged, would create an undesirable precedent that could be applied to other American concerns."

America Insists that Chinese Students Must Have Ample Funds

The American Government has drawn the attention of the Ministry of Foreign Affairs at Nanking to a new restriction which has been imposed upon the entry of Chinese students into America.

It is stated that owing to financial difficulties, a number of Chinese and other foreign students in America have often been compelled to engage in part-time work during their period of study. Considering such cases as likely to affect the interests of American labor, the American Government has issued a new regulation requiring all Chinese students, who intend to pursue studies in America, to deposit beforehand, at certain places to be designated by the American Government, the sum required to cover their expenses and pay their tuition during their intended period of residence in the United States. The amount which may be drawn out from this deposit will also be so restricted as to ensure that the depositor will not be short of funds before the completion of his studies.

In is understood that the Ministry of Education has requested the Ministry of Foreign Affairs to make strong representations against the new restriction.

Canton Orders All Russians To Register

Russian residents in Canton on Jan. 25. were requested by the Municipal Bureau of Social Affairs to fill certain forms supplied to them for the purpose of determining their social welfare. Russian nationals were requested to give all particulars in regard to age, occupation and residence. Most of the Russians in Canton are living in inexpensive hotels and are engaged in peddling and small trade. The registration of Russians in Canton is said to be purely a friendly measure with the object of giving them protection.

Relaxation of the Boycott Movement and the Marketability of Russian Goods

BY PAUL K. WHANG (汪仲芳)

IT is pathetic indeed to read the news from the local newspapers that the Greater Shanghai Chamber of Commerce has again taken the lead for revival of the economic boycott against the Japanese. During the past sixteen months, since Japan started her military invasion of China on a big-scale, the boycott, as a means of self-defense and retaliation, has not been consistently maintained in Shanghai, or the whole of China, and every three or four months, on the occasion of a new Japanese advance, the local Chamber has to repeat the warning to the public that the boycott movement has lapsed into lethargy. Pending the publication of the *Customs Reports*, we have no available means to verify as to what extent the importation of Japanese goods has been on the increase during the past few months, but that there has been a relaxation in the boycott can not be gainsaid. What is true of Shanghai is also true of other parts of the country, and a letter from the Hunan National Salvation Association has claimed that during the past few months, an average of over 50,000 bales of Japanese goods has been imported every week into the various ports along the Yangtsze valley.

It is of interest to recall the ups and downs of the present boycott movement. Since that ever-memorable day of Sept. 18, the anti-Japanese feeling has been aroused to such a high pitch that the people, rich and poor, have collectively given their support to the maintenance of an effective boycott against Japanese goods. At first, various patriotic organizations sprang up, and picketing groups were formed to watch the movement of Japanese goods which, if found, were subject to seizure and confiscation. Those who were dealing in Japanese goods were styled as "traitorous" merchants and had to pay arbitrary fines.

Terrorism as a Means of Boycott

Since the liquidation of the Shanghai affair and the closure of those patriotic organizations, the open agitation was temporarily kept in abeyance for a few months. The Japanese move in Jehol in the latter part of June, last year, once again stirred up the patriotic fire of the Chinese people and led to a serious revival of the boycott movement. Many secret societies have been formed; and instead of resorting to seizure of Japanese goods as practised before, they have sent to Chinese merchants dealing in Japanese goods letters of intimidation, often accompanied by bullets and hand grenades and a warning. "Failure to heed this written notice will be punished by bombing." During July and August, scores of shops in Shanghai and elsewhere were warned and bombed, and this method of terrorism caused a great alarm to the Chinese dealers in Japanese goods. But on account of the vigilance on the part of local police authorities, the activities of those secret societies have since been very much curbed. At present though a few of them are still maintaining their existence, yet they are not as active as before, and their warnings are no longer heeded.

By no stretch of imagination can this state of affairs be interpreted that the Chinese people have no sincere patriotic feelings to enforce their boycott long enough to bring their enemy to their senses, but it only discloses a salient fact that at the present time, the economic relations of all the nations are so interwoven that no under-industrialized country can be expected to attain self-subsistence. Since the introduction of western civilization to China, the people have gradually contracted the habit of living a western life, adopting western customs, and using the western products. As a consequence, they have found that their native sugar is no longer palatable, that their native cotton piece goods are too coarse and hurt their skins, and that their native paper is too crude to be adopted for general use.

The inevitable upshot of this tendency is to import more and more from foreign countries to supplant domestic goods. But the products from America and European countries, being high in price, can only be procured by a selected few, while the Japanese goods, an imitation of American and European products but much cheaper in price, can be had by all classes of people, rich and poor alike. Thus Japanese cotton piece goods, paper, sugar, and many other products have become the necessities of Chinese life, and their importation has increased year after year.

Under these circumstances, I dare say we can not by any artificial means make our boycott effective, unless we ourselves can improve the quality of our products and sell them as cheap as the Japanese goods, or the American and European manufacturers can reduce the prices of their produce to compete with the Japanese goods in our market. It is true that prompted by patriotism, the people should, within the realm of possibility confine their purchases to native products, but the habit once formed cannot be broken so easily and the people who are accustomed to modern conveniences and delicacies can not be expected to go back to live a life of the past generations. Thus unless substitutes can be offered on the market to supplant those produced by the "enemy" the people will invariably purchase goods to which they are accustomed.

Chinese Labels on Japanese Goods

Thus I do not mean that the Chinese people at present are knowingly and persistently buying Japanese goods. On the contrary, the anti-Japanese feeling among the Chinese people is still as strong as ever, and no one who can read will defy his conscience to pay for a small article marked with "Made in Japan." But the sad aspect of the situation, it must be admitted, is that many of the Chinese wholesale merchants who have placed personal interests above everything else have become more and more artful in their methods of counterfeiting trade marks in Japanese goods with Chinese and inventing ficititous Chinese firms as being the manufacturers of these products for the purpose of hoodwinking the buying public and merchants in the interior.

The temptation is so overwhelming that only the genuine patriotic merchants can resist it. With the drastic fall of Japanese yen from its normal value to just under half of an American dollar to the neighborhood of twenty gold cents, the Japanese merchants have added advantage to market their products in China in competing with high-priced American and European products. Moreover, we have been told that the Japanese manufacturers have offered attractive terms to Chinese merchants as an inducement to buy Japanese goods. When profit is substantial, it is only natural that many of our merchants can not be expected to resist that temptation which appeals to their psychology more eloquently than cries of patriotism.

Cotton Goods Mostly of Japanese Origin

But on the part of those merchants dealing in Japanese goods, their position, though condemnable, is somewhat excusable considering that the stoppage of handling Japanese goods is tantamount to a measure of forcibly closing many Chinese shops in Shanghai and elsewhere. A trip to one of the local cotton piece goods shops will prove the truth of this statement, because more than seventy per cent of the goods stored and displayed in the cotton piece goods shops are of Japanese origin. They cannot operate their shops by removing the seventy per cent of Japanese goods from their shops, neither can they find the substitutes which have the same marketability as the Japanese goods.

It has been suggested that with the resumption of diplomatic relations with Soviet Russia, Russian cotton piece goods can be used as substitutes for the Japanese goods. But upon close investigation and after several interviews with the local merchants dealing in Russian goods, we have reasons to doubt the marketability of Russian goods in Chinese markets.

First of all, in spite of the Soviet dumping policy, the Russian piece goods can not be sold as cheaply as the Japanese products. In order to develop China's market, price is the first consideration. If the Russian

goods can not be sold as cheaply as Japanese goods, their chance of marketability is very slight in face of Japanese competition.

Secondly, we have been told that the color, design, and style of Russian products are not adaptable to the taste of Chinese people. The Russian manufacturers, apparently due to lack of close contact with the Chinese public, are completely in the dark as to the market conditions of this country, while the Japanese manufacturers, through their agents in all principal ports, are kept daily informed as to the requirements of Chinese customers. A recent shipment of perfume from Russia to a local consignee had to be rejected, because every word which appeared on the label was in Russian, which is a strange language in this part of the country. This single instance is sufficient to illustrate the need on the part of Russian manufacturers to study the market conditions of this country, before they can sell their goods to Chinese people.

And thirdly, many of the representatives of the Russian manufacturers in Shanghai are not well acquainted with the local business customs and terms prevailing in the community. In many cases, they stick to their own way of doing business and stand firm in making concessions, which the Chinese merchants are habitually receiving from other foreign merchants. I have also been told that a few of the local Russian business men were formerly officials, and therefore, they are not business-like in receiving their customers in a manner which can be called cordial or pleasant.

With these points in view, I believe that the Russian merchants have still many things to learn as to the trend of the local market and the local business customs, before they can develop their business and compete with the Japanese. At the present time, the Russian timber and oil might drive away the high-priced American and British products, but the Russian piece goods have not the slightest chance to compete with Japanese goods.

After all, we must develop our own industry, so that we can supply our own needs without relying upon foreign importations. When that time comes, we do not need to boycott the Japanese products, inasmuch as the Japanese products will make their exit automatically.

Shanghai, Jan. 27, 1933.

The Capitalist States as the Soviets See Them

(Extracts from a Speech by Comrade Molotov in Moscow, Jan. 26)

The position of the capitalist states has so deteriorated that their public men openly declare the economic crisis to be independent of industrialists, bankers and commercial men. They say that everyone awaits with great tension what the politicians will say. M. Henri Beranger, chairman of the Foreign Affairs Committee of the French Senate, declares, for instance, that the crisis which has now lasted four years is in the first place a political crisis. We must take this into consideration from the viewpoint of the attitude of capitalist countries toward the U.S.S.R. While we have fully secured within the country not only national peace but also complete mutual friendship between our 158 nationalities, national and interstate antagonisms in the capitalist world grow more and more intense. Already they have taken the shape of war, and although this war is discussed by the League of Nations it does not cease. Even in the course of the first Five Year Plan, the U.S.S.R. did something in the defense of the country. We need peace for our socialist construction. Our foreign policy is a policy of peace, indissolubly bound up with our socialist construction. We must be vigilant and strive in every direction for securing peace.

A Jumble of Nationalities in a Court Case at Tientsin

Probably the question of nationality was never more prominently to the fore in any court case ever heard anywhere than was incidental to the hearing of a case brought by one Spiridis against the British Municipal Council in Tientsin in the British Supreme Court last week. The case arose out of the revoking of Mr. Spiridis' license to operate a "vodka and wine distillery," during the hearing of which it transpired that the plaintiff was an Italian subject born a Turk but really a Greek, coming before a British Court with an American lawyer and a Russian translator to admit he made Scotch whiskey in China out of Japanese alcohol in a distillery under a French name. The upshot of the case was that damages were granted the plaintiff against the Municipality in the sum of $1,126.82. The American lawyer in question was Dr. Charles J. Fox.

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Shanhaikwan Affair and The Protocol of 1901

BY SHEN HSUE-CHUAN (沈學傳)

The Japanese attack on Shanhaikwan in the fateful night of January 1, the New Year's Day, was evidently launched by the Japanese troops stationed there ("garrison," was the term used by the Japanese themselves) as provided for by the humiliating Protocol of 1901. General Nakamura, Commander of Japanese troops at Tientsin, in his warning to Marshal Chang Hsueh-liang on Jan. 2, confessed that "the Shanhaikwan affair belongs to the Japanese garrison at Shanhaikwan." In his statement about the Shanhaikwan Affair in the Diet on Jan. 9, Gen. Araki, Japanese War Minister, stated "the Shanhaikwan Affair should be separate from the Manchurian Affair and should be put under the control of the troops stationed at Tientsin," and further enjoined "the Chinese troops should be forbidden to enter within two miles on either side of the railway line." Moreover, having occupied Shanhaikwan, Japan, in order to hoodwink the world by displaying the Protocol of 1901 as her "charm," has stipulated the following list of conditions for a local settlement of the incident:

1. That the Japanese will occupy the area between Shanhaikwan and Lanchow in conformity with agreements for foreign garrisons in order to maintain the freedom of traffic between Peking and the coast line.

2. That the commander of the Japanese army in North China shall possess military jurisdiction for two miles on both sides of the railway line in that area.

3. That the Japanese Government demands that no armed Chinese soldiers enter that area, with a view to securing the safety of the area north of Shanhaikwan.

Protecting the Communication

According to the Protocol, the only duty which the troops of the signatory Powers stationed along the railway line from Peking to Shanhaikwan have is to protect the communication. The aim of the stationed foreign troops is for peace, not hostile armed occupation. However, the Japanese stationed troops have gone far beyond their duty as defined in the Protocol, attacked a Chinese city and occupied Chinese land. As a result, a large number of peaceful and innocent Chinese citizens at Shanhaikwan was killed and their properties destroyed. Evidently, what Japan has done is directly contrary to the spirit and purpose of the Protocol. It is quite logical and proper that the other signatory Powers of the Protocol should condemn Japan for violation of the Protocol; otherwise, they all should be responsible for its transgression. Obviously, the Protocol is the most notoriously unequal and unfair treaty to China which Japan now utilizes as an instrument to invade North China. Therefore, Japan is, in effect, trying to stretch the Protocol to suit her evil purpose notwithstanding her repeated false declaration that she is anxious to observe it as strictly as possible. In view of the importance of the Protocol in connection with the developments in the North, it is necessary to point out the illegal perversions of the meaning of the document.

First, let us examine the history of the Protocol. Under the stipulations of the following two articles, the foreign signatory Powers are entitled to have their troops stationed in Chinese land:

Article VII.—The Chinese Government has agreed that quarters occupied by the Legations shall be considered as one especially reserved for their use and placed under their exclusive control, in which Chinese shall not have the right to reside and which may be made defensible.

Article IX.—The Chinese Government has conceded the right to the Powers in Protocol annexed to the letter of the 16th of January, 1901, to occupy certain points, to be determined by an agreement between them, for the maintenance of open communication between the capital and the sea. The points occupied by Powers are: Huang-tsun, Lang-fang, Yang-tsun, Tientsin, Chun-liang Ch'eng, Tang-ku, Lu-tai, Tang-shan, Lan-chow. Chan-li, Ch'in-wang-tao, Shan-hai-kuan.

The Protocol was made with the mutual understanding and agreement that the foreign troops were only allowed to be stationed within the premises of the legations for the purpose of protecting the Legations and at the above 12 designated points along the railway line to safeguard the free communication from Peking to the sea. Furthermore, since the troops were stationed for the sole and specific purpose of protecting their own men and open communication, they have absolutely no legal right to interfere in any way with the Chinese local and traveling services. And the foreign stationed troops should be withdrawn when China is able to protect the Legations and the communications.

In view of the foregoing provisions, the fact that the Protocol did not say "along the railway," but merely says "at the twelve points," indicates that the foreign troops are not entitled to be stationed at any other point than the above-mentioned places. The areas for the foreign troops to be stationed in are not a single belt or zone, like the zone of the S.M.R. but are twelve enumerated points. Their purpose is defence and protection, only. They never meant to serve as a pretext for infringing Chinese sovereignty and occupying Chinese territory.

Though the protocol was made with nine Powers, there are only eight Powers who enjoy the right of stationing their troops in China, namely Japan, Britain, United States, Germany, France, Italy, Austria, and Russia. Concerning the distribution of the stationed troops, the Commanders of the Allied Army of the eight Powers agreed to divide it into two periods, transitory and ordinary. The transitory period had long passed. In the ordinary period, the number of the Japanese stationed troops should be as follows:

Peking 300, Shanhaikwan and Chinwangtao 300, Tientsin 450, Tang-ku a small body, Lanchow 300, Chang-li 300, total 1,650.

Besides Peking and Tientsin, the number of troops of each signatory Power is not allowed over three hundred at any other designated point. From Peking to Shanhaikwan, the total number of the troops of signatory Powers is not allowed to exceed the maximum of two thousand soldiers. This maximum was even reduced in 1907, but, at any rate, the Protocol forbids any higher figure.

Japan Follows Russian Example

This legally stipulated maximum number of stationed troops should be observed by all the signatory Powers. But has Japan observed it? In view of Japan's flagrant violation of the Protocol, it is incumbent upon other signatory Powers to check her and bring joint pressure on her to desist from her unwarranted actions at Shanhaikuan. Such a joint intervention is not without precedent. In 1902, the Commanders of the Eight Powers' Allied Army decided that the total number of their Stationed Troops during the transitory period was fixed at 12,200 men and the quota of each Power at 2,600 soldiers. Figures for the distribution of the Allied Stationed Troops were as follows:

2,000 at Peking, 1,500 at Shanhaikwan and Chingwantao.

6,000 in Tientsin, 3,000 at each of the other nine points.

However, in violation of the resolution passed by the Commanders of the Allied Stationed Forces, Russia, in pursuit of her aggressive ambitions, occupied Manchuria and encamped a large force estimated over 1,400 men at Shanhaikwan. The Commanders of the other seven signatory Powers were greatly incensed by such actions and unanimously compelled Russia to reduce the number of her stationed troops to the authorized figure. As a result of this joint action, Russia, in fear of arousing the resentment of the other Allied Powers, had to withdraw the surplus number of her troops and station only 300 soldiers at Shanhaikwan. Japan is now doing exactly what Tsarist Russia did in 1902. She is even more aggressive and imperialistic than Russia of Imperialist days. Not only has she occupied Manchuria, she has attacked and seized Shanhaikuan and is now invading Jehol and menacing North China. By such a long series of aggressive actions, could Japan go further in the violation of the Protocol and are any more evidences needed to expose such violations? Besides trampling under foot the Protocol, Japan has totally ignored and insulted the other Signatory Powers to the Protocol. It would be interesting to notice what reaction the Japanese violation will produce on them which was so violent in the case of Russia in 1902.

With regard to the sphere of the foreign stationed troops, the Powers acquired more rights through the so-called Tientsin Note for the dissolution of the Tientsin Provisional Government than were granted by the Protocol. But this extension of the rights has also its limitations. In this connection, the following points of the Note dated July 15, 1902 may be quoted:

(1) By Article IX of the same protocol it is provided that the Powers shall have the right of occupying certain points between Peking and the sea, of which the whole town of Tientsin is one. Consequently, after the dissolution of the Tientsin provisional government, foreign troops will continne as hitherto to be stationed there, in the places actually occupied by them, and their supplies of all sorts continuing, as at present, to be exempt from all taxes or dues whatsoever. They will have the right of carrying on field exercises and rifle practice, etc., without informing the Chinese anthorities, except in the case of *jeux de guerre*.

(2) It is desirable, however, to avoid as far as possible occasions of collision between the foreign troops and those of China. I propose, therefore, that with this object the Chinese Government shall undertake not to station or march any troops within 20 Chinese li (62/3 English miles) of the city or of the troops stationed at Tientsin. Further, in correspondence exchanged between the foreign representatives and the Chinese Plenipotentiaries, of whom Your Highness was one, previous to the signature of the Protocol, it was agreed that the jurisdiction of the commanders of the posts to be established along the line of communications should extend to a distance of 2 miles on either side of the railway, and this arrangement ought to be maintained as long as the line of posts specified in Article IX of the protocol continue to be occupied.

According to the above quoted articles, Tientsin was actually included within the sphere of the stationed troops and the Chinese authorities did undertake, or rather were compelled, not to station or march any troops within 20 Chinese Li radius of Tientsin. However, on the other hand, this means that outside the 20 Li radius, the Chinese authorities have perfect right and liberty to move troops or establish garrison at any place. There is no clause in the Protocol restricting this right nor are there any provisions prohibiting the Chinese troops to be stationed along the railway. The Japanese demand that the Chinese troops must be driven off the railway line to the east of Lanchow is not only without justification but entirely lacks treaty basis. For the jurisdiction of the stationed troops of the Protocol Powers is expressly restricted to the enumerated twelve points from Huangtsun to Shanhaikwan and they have no right to be stationed along the entire railway line between Peking and Shanhaikwan. The 2-mile limit on either side of the Railway within which Japan now claims jurisdiction evidently means that the limit exists only at the twelve points, but does not imply that the jurisdiction of the Allied Stationed troops may extend to a long belt along the entire railway line. Moreover, the distance of the 2-mile limit at the twelve points, be it noted, not on the two sides of the Railway, is referring only to the jurisdiction of the Commanders of the Posts and there is no provision in the Protocol that Chinese troops should be prohibited to enter the belt of 2-mile of the eleven points except Tientsin or enter the belt of 2-mile on either side of the railway.

Old Stipulation Long Since Nullified

Further, the stipulation that Chinese troops should not be permitted to march or station within the 20 li limit of Tientsin has long been nullified. Regarding the jurisdiction of the Commanders of the Posts, the Chinese Ministry of Foreign Affairs at that time notified the Powers to the following effect: "If the jurisdiction of the Commanders of the Posts extending to a distance of 2 miles on either side of the Railway from Peking to the sea is particularly needed for the protection of railway, telegraphic wire and the men and properties of the Allied Army, it may be accepted." On the following day (July 19, 1901), Count Uchida, the then Japanese delegate, replied: "I am very much glad to agree to your limitation of jurisdiction of the Commanders of the Posts from Peking to the Sea. The jurisdiction is only restricted in the protection of the Railway Line, telegraphic wire and the men and properties of the stationed troops." The delegates of the other Signatory Powers made the same reply as the Japanese. Judging from this, it seems evident that Japan has no right to forbid the Chinese troops to enter the belt of 2 miles on either side of the railway line.

On Jan. 17, 1912, when the Chinese Revolutionary Forces threatened to approach North China, the Commanders of the stationed troops of six Powers, namely Great Britain, France, Japan, United States, Russia and Germany held a meeting and reached seven decisions, the most important ones of which are as follows:

2.—Both Chinese Imperial and Revolutionist troops are at liberty to utilize the railway line and adjoining piers and wharfage for the purposes of transportation, landing or embarkation and will not be interfered with.

4.—Any attempts to permanently damage important parts of the line, such as stations, depots, machinery, bridges, etc., will be resisted by the combined forces of the six Powers co-operating in the defence of the railway.

6.—The telegraph offices are to be protected and telegraphic communication maintained. Chinese troops of either side may make use of the line.

According to the foregoing resolutions, the Chinese troops were permitted to use the railway and enter Tientsin without any interference. This serves to indicate all the more clearly that the purpose of the stationed troops

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of the Allied Powers is merely for the protection of free communication between Peiping and the sea and is not to be taken advantage of as a pretext for hosttle actions against China.

From the foregoing historical facts, we can draw the following conclusions: First, the Protocol of 1901, being one of the most "unequal" and unfair treaties, should be revised or nullified. Secondly, the Protocol expressly stipulated the maximun number of troops to be stationed at designated points—which should be strictly observed by all the signatory Powers. Thirdly, the only duty of the stationed troops is the protection of free communication from Peiping to the sea, which purpose should not be utilized as a pretext for hostile actions. Fourthly, the Signatory Powers have the mutual obligation to observe the Protocol and if one Power violates it, the other Powers should jointly intervene to rectify it. As the Signatory Powers once intervened in the violation of the Protocol by Russia, they are under obligation to respect the precedent and bring pressure on Japan as the violator. Will the Powers signatories to the Protocol have sufficient courage to take joint action in defence of their own prestige to check the Japanese illegal actions or will they retreat before such a justifiable action in face of the Japanese display of militarism?

Peiping, January 27, 1933.

Too Much Praise for Wang Ching-wei?

To the Editor, *The China Weekly Review*:—

In going through *The Review* of December 10, 1932, I came across an article "Honesty Is Best Policy" by Hoh Chih-hsiang, which has aroused my attention.

Mr. Hoh has written fully re our Government officials' nepotism and corruption, as well as set forward reformative plans in detail. This article, as far as my knowledge goes, is very well written, and it should be read by every Chinese, as well as our Government officials. So I take this opportunity to urge that all officials of ours should not only read his useful advice, if they have not yet seen same, but keep it as a guide in discharging their official duty.

To supplement the above article, I wish to take this opportunity to express some of my personal opinions, regarding paragraphs 3 and 5, and at the same time, wish to remind the readers, especially our government officials, if they have not yet seen same, of an article published in *The North China Daily News* of April 7 1932, in the correspondence column, entitled—"China's Future—Key to Success."

> Para. 3—"Perhaps none realize the dangers and gravity of this crisis more keenly than two of China's present most important leaders Wang Ching-wei and Gen. Chiang Kai-shek. Prior to his recent departure from China, Mr. Wang in an interview with a foreign correspondent at Shanghai expressed the opinion that the evil of poltical dishonesty in China constitutes a greater enemy than the present invasion of Manchuria by Japan and that unless this evil is ruthlessly extirpated, there can be no salvation of China from within."

It is here I wish to point out, and at the same time, I would also like to know, what Mr. Hoh actually means by saying—most important leader—Mr. Wang? I take it for granted that he meant that Mr. Wang is one of our government's good officials, and if it was really so, I regret very much to say that Mr. Hoh is wrong: because Mr. Wang's past and present history does not prove that he is a good official at all. What would Mr. Hoh say about the following "shows":—Feng-Yen rebellion, Kwangtung against Nanking (with the result, Japan invaded Manchuria). During the present National Crisis he urged Marshal Chang to resign, and knowing very well the seriousness of the evil of political dishonesty in China, instead of attending to his duties, he goes abroad with the usual political leaders' common excuse—"ill health."

What happened to our Savior—Dr. Sun—when duty called? He was too ill to proceed North; but as he was duty bound, he did not think of anything else, but proceeded, even at the risk of his life. And he actually died in Peking on that occasion. Can Mr. Wang claim to be his true follower? Certainly not! Do you mean to say that there is no doctor who could treat Mr. Wang in China?

> "Being a military man, Gen. Chiang has approached this problem more realistically and has taken drastic measures for its suppression. During his recent stay at Hankow in the course of his communist-suppression expeditions, he launched an extensive campaign against the corrupt officials in Hupeh and meted out severe sentences, including death penalty, to a large number of them found guilty of violation of duties of offices. However, most deplorable to say, the evil has become so wide-spread and deep-rooted that isolated measures for its suppression have been of no avail to check its prevalence."

It is here, the last sentence—"However, most deplorable to say, etc." that requires the reader's attention and consideration. I believe Mr. Hoh did not go into this matter carefully; otherwise he would not have made such a remark. General Chiang's action should be successful; as the methods adopted will not only suppress the corrupt officials; but even the "devils" will disappear. General Chiang has got hold of the right key and I am certain that such a man like Gen. Chiang will not fail to replace all the corrupt officials by honest members. Let us hope that all the people of China will give their whole hearty support to Gen. Chiang.

> Para. 5—"The very systems that operate remarkably well in the lands of their origin become a hopeless failure when planted on Chinese soil. This curious situation calls for explanation. It seems that there must be something wrong somewhere and until this wrong is located and rectified, China's efforts in setting up a modern administration will forever remain a failure. While opinions on this point may vary, it seems that there is a general recognition among the leaders in China that the primary wrong lies not with the methods but with the men who employ and work them."

It is here, I wish to call to the attention of readers, especially government officials, to read "China's Future—Key to Success." The real trouble is not that we have not trained men in China, but that they have not been chosen, or put into the right place. Most of the Provincial Civil Administration Posts, or rather I should say all, were monopolized by the military or some selfish heads and even if there are Civil Governors, they are only mere figure-heads. That is where the mistake was made. The actions adopted by Gen. Chiang will certainly solve the problem.

CHANG KUI-HSIANG.

Jesselton, North Borneo, Jan. 4, 1933.

A Phantom from China's Past

(Editorial in the Shanghai Evening Post, Jan. 25)

It is impossible to take with any seriousness the reports that Marshal Tuan Chi-jui, relic of the military-clique days of Yuan Shih-kai and leader of the late unlamented Anfu political group, may head a delegation to deal directly with Japan. This is in no way to judge the merits of such a move; it is merely to face the political realities of the situation. Marshal Tuan's name is associated with the Nishihara loans and a score of other things which are anathema to all who have worked for the Nationalist cause, or indeed for a modern and free China in any respect. The fact that he is venerable cannot conceal the fact that he is a political schemer of the old and thoroughly discredited school. His sun has since set.

Unhappy events attended his last appearance in public life. His closest associate, the unsavory "Little Hsu," made a tour of the world in an effort to keep clear of a retribution which finally caught up when he was removed from a train between Peking and Tientsin and shot. After a period of flickering glory as "Provisional Chief Executive" in Peking, bolstered by conflicting forces after Feng's coup against Wu and the resultant truce with Mukden in late 1924, Marshal Tuan took refuge in resignation and ignominious flight in the spring of 1926. The only achievement of his administration had been a slaughter of students assembled in the courtyard of his official residence. In fields other than the political, Marshal Tuan has performed valuable service as a trainer of military leaders. But this will hardly win popular support from a nation anxious for leadership by civilians, and none too well satisfied with such military leadership as it now has. Behind the rumors that Marshal Tuan may come to the fore lies the old, never-dying pull toward reaction. It is entirely possible that some leaders of the present government many personally wish for a reversion to certain things represented in the person of Marshal Tuan; we have no way to judge conclusively as to this. But it does not seem possible that they can yield to such wishes and retain their political heads. Obvious as are China's internal difficulties, the fact remains that fresh winds have blown across the country during recent years and that the atmosphere has changed. Solution of present difficulties do not lie in the hands of any survivors of China's "Old Guard." A new country demands new men with a new outlook.

Chinese Press Comment on Sino-British Relations

Welcoming the return of Sir Miles Lampson, British Minister to China, the *China Times* in an editorial Jan. 25, dwelt at length upon Sino-British Relations which, it declares, are again in danger of being marred by serious misunderstanding. The journal begins by reviewing Sino-British relations during the past two decades; referring in particular to the Anglo-French Secret Pact in 1915, whereby Japan was allowed to occupy Kiaochow, the then German Leased Territory; the Wanhsien Incident and the so-called May 30 Incident (of Shanghai); the re-orientation of British Far Eastern policy during the Washington Conference and finally the revival of Sino-British friendship since Sir Miles Lampson was appointed H.B.M, Minister to China.

"Since the arrival of Sir Miles as Minister to China," the journal declares, "not only have all past Sino-British misunderstandings been dissipated, but the Chinese have begun to look upon Great Britain as one of China's best friends. This goodwill entertained by the people towards Great Britain has elevated Sino-British relations to a state of almost unprecedented cordiality. While it is, due no houbt in part to the soundness of British policy towards China, we wish to emphasize however that it is, in the main, to be attributed to the untiring efforts of Sir Miles Lampson, who had to overcome no mean difficulties in the accomplishment of what he regarded to be his supreme mission, that is, the promotion of Sino-British friendship."

The journal deplores that after such a long period of friendship and mutual understanding, the relations between the two countries are now again facing a new danger.

Praise for the Lytton Report

In this connection, the journal admits that during the early stages of the present Sino-Japanese controversy, the British Government had pursued a policy which was essentially correct; being, as it was, based upon impartiality and justice. "That this was so was fully borne out by the unbiased and faithful report of the Lytton Commission, which was headed by a British statesman," the journal declares.

Recent despatches from Geneva, the journal continues, indicate however, that the British Government has changed its policy *vis-a-vis* the Manchurian crisis. After referring to the speech made by Sir John Simon, British Secretary for Foreign Affairs, before the League of Nations Assembly, the journal draws attention to the rumors which have been persistent lately of an alleged secret understanding between Great Britain and France on the one part, and Japan, on the other, whereby Japan is alleged to have undertaken not to disturb the Yangtsze Valley on condition that Great Britain and France should not interfere with Japan's military operations in North China.

The fact that the British Government has made no official denial of these rumors, coupled with the close contact which the British delegation has kept with the Japanese delegation at Geneva, "can not but lead us to believe that these rumors are not unfounded," the journal says.

Continuing, the journal points out at length the disastrous consequences of such a fallacious policy on the part of the British Government.

"If it were really true that the British Government has abandoned her previous neutral attitude and resumed the tactics of 'secret diplomacy' of pre-war days, then it would not be China or world peace alone that would be the sufferer. Great Britain herself would reap the disastrous fruits of her own actions," the journal emphasizes.

Continuing, the journal points out that the real interest of Great Britain lies in the preservation of world peace as it is only when peace and tranquility are assured can Great Britain restore her former prosperity. By adopting "secret diplomacy" tactics at a time when world peace "hangs by a single thread," the journal claims, the British Government is really adding fuel to the fire and would only accelerate the outbreak of a world catastrophe, in which Great Britain, with her far-flung empire, would inevitably be embroiled. "There can be no question that such a contingency would prove almost disastrous to Great Britain," the journal declares.

Apart from the danger of precipitating world war, the journal draws attention to another danger to which Great Britain would be exposed, should she persist in her present policy.

The journal refers to the significant fact that owing largely to the cordial relations between the two countries,

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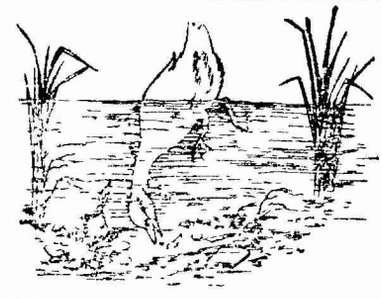

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It eats anything and digests it without trouble. Human digestive organs are not quite so adoptable. How happy we should be if they were. There are few people who do not at some time experience a period of liverishness, or biliousness. Every now and then the foodways need a good cleansing. This removes any accumulation of waste matter, tones up the organs and has an all round stimulating effect. The best way of accomplishing this is an occasional dose of

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there has been marked progress in British trade with China. It goes on to say: "Should the British Government persist in following such secret diplomacy tactics, the Chinese people, by way of self-preservation, would be compelled to treat Great Britain in the same way as they are now treating Japan. They would refuse to purchase goods manufactured by British factories; and would refuse to unload cargoes from vessels coming from Liverpool. The flourishing British trade with China would thus suffer an immediate slump and the British merchants in China would have to follow in the footsteps of the Japanese merchants, that is, to pack up and return to their mother country for lack of business. The factories at Birmingham and Liverpool would have to reduce their production, thereby increasing the number of unemployed."

China Wants British Friendship

But, the journal declares, China earnestly hopes that Great Britain would remain her friend; for such friendship would be a boon not only for China and Great Britain but also for the peace of the world. However, should Great Britain choose to change her attitude, China would have no choice but to adopt such measures as are necessary for her self-preservation.

"These views, we wish to emphasize, have been expressed with no sentiments of resentment. We merely wish to clear up, if possible, the misunderstanding which has unfortunately arisen between China and one of her best friends," the journal says.

After pointing out that British statesmen are in general far-sighted, the journal concludes as follows: "It is our earnest hope that all the various rumors which have been current are merely figments of the imagination and have no foundation in fact; and that Sir Miles Lampson and Sir John Simon will make clear and unequivocal statements which would show that the doubts and misgivings which have haunted us are entirely unfounded in fact; and that the British Government will continue to uphold right and justice and remain China's friend."

Impeached General Executes Chinese Editor

The Provisional Constitution in force during the present Political Tutelage Period was invoked by the Control Yuan at Nanking Jan. 24 in a sensational impeachment brought against General Ku Chu-tung, Chairman of the Kiangsu Provincial Government, for alleged unlawful arrest and detention of Liu Yu-sheng, manager of the *Kiang Sheng Pao*, a daily published at Chinkiang, the provincial capital of Kiangsu.

The impeachment has aroused considerable interest in both official and unofficial circles. Not only are vital questions of liberty of person and freedom of the press involved, but the case is generally regarded as a test of the actual validity of the Provisional Constitution, which, in its second chapter contains what is virtually a Bill of Rights of the people.

Executed While Detained

Moreover, at the time the impeachment was brought up Mr. Liu was apparently still under detention. Since then, he was executed on January 21 by order of the Martial Law Headquarters at Chinkiang for alleged violation of the "Law governing Emergency Punishment of Crimes Endangering the Republic."

In its petition of impeachment submitted to the National Government, the Control Yuan points out that the Provisional Constitution is the fundamental law of the country during the present Period of Political Tutelage. "It is incumbent therefore upon both the Government and the people to observe this fundamental law in order to pave the way for the Period of Constitutionalism," the petition emphasizes.

Now, Article 8 of the said Provisional Constitution expressly provides that:—

"Except in accordance with Law no person shall be arrested, detained, tried or punished. When a person is arrested or detained on a criminal charge, the organ responsible for his arrest or detention shall send him to the competent court for trial not later than 24 hours. The party concerned may himself petition, or some other person may petition on his behalf, that he be brought before the court for trial within 24 hours."

Fair Trial Denied

"On July. 26 of the current year (1932)," the petition alleges, "Ku Chu-tung, Chairman of the Kiangsu Provincial Government, caused Liu Yu-sheng, manager of the *Kiang Sheng Pao*, Chinkiang, to be arrested and detained at the Martial Law Headquarters of the Provincial Peace Preservation Corps. Although he has been under detention for almost five months, the said Ku Chu-tung has refused so far to send him to the competent court for trial, as required by the Provisional Constitution. The action of the said Ku Chu-tung constitutes therefore a violation of the said Constitution as well as a most flagrant encroachment upon the civil rights of the people."

Continuing, the petition points out that according to the Law governing the organization and functions of the Control Yuan, the Yuan may send its representatives to any Government organ, central or local, to obtain information concerning impeachment cases or to investigate documents and archives. It alleges that General Ku Chu-tung refused to give any information to the representatives of the Yuan who were sent to Chinkiang to investigate the present case; nor did he allow the latter to examine documents and archives. Such action, the petition alleges, if allowed to pass unchallenged, would render it impossible for the system of impeachment to be effectively carried out.

No Authority For Suspension

In the third place, the petition points out that according to Article 23 of the Press Law, the right to suspend or to order confiscation of newspapers is vested in the Ministry of Interior. In ordering the suspension of the *Kiang Sheng Pao*, therefore, General Ku Chu-tung had acted without authority and had in fact encroached upon the jurisdiction of the Ministry of Interior.

Fourthly, the petition alleges that apart from the illegality of the procedure followed in arresting the manager of the paper and in ordering the suspension thereof, the paper had actually published nothing which could be regarded as inflammatory or contrary to law.

The petition points out that the short stories published in the literary supplement of the paper, which appeared to have been the ostensible reason for the arrest, merely attempts to depict the actual social conditions.

Stories Not Prohibited

This kind of stories, the petition further claims, is freely published in newspepers in Shanghai and Nanking. Moreover, no law or ordinance has been issued prohibiting the publication of such stories. The petition contends therefore that not only was the procedure absolutely illegal, but there was really no merit in the case against the journal.

The impeachment was initiated originally by two members of the Control Yuan and was subsequently referred to a special committee of three for examination. This committee found that General Ku's actions constitute violation of the Provisional Constitution and the Press Law and recommended therefore that the impeachment be brought up to the National Government.

Public indignation has naturally increased in view of the report that the newspaper manager was executed a few days ago while the Control Yuan's impeachment of General Ku Chu-tung, head of the Kiangsu Provincial Government. was still *sub judice* by the responsible Central authorities.

Kaoliang to Be Prohibited Along S.M.R.

(From the Manchuria Daily News, Dairen, Jan. 26)

In order to prevent banditry in the interior, a strip of land on each side of the S. M. Railway Main Line, 500 meters in distance, was prohibited from growing kaoliang, because the tall kaoliang stalks in the field afford a handy shelter to the marauders. The experiment has turned out a great help, and encouraged by the results, the forbidden zone will be doubled to 1,000 meters on either side of the railway track. Besides, no kaoliang cultivation will be permitted within 2,000 meters of any railway station, taught by the many costly lessons of night raids on several wayside stations last year.

American Naval Maneuvers Will Start Feb. 16

The officers of the United States fleet are at present busily engaged in mapping out plans for the "capture" of the United States west coast, while strung along the coast from Puget Sound to San Diego. Hundreds of defending ships are planning a way to repulse the "invading" forces. This is all in preparation for the annual naval maneuvers, which will get under way on February 16.

Japanese Say Marshal Chang Is Pessimistic and the North in Confusion

(Rengo News Agency Telegram from Tokyo, January 21.)

While Marshal Chang Hsueh-liang, the young northern war-lord, is fast becoming pessimistic from the loss of Shanhaikwan and the threatened situation in Jehol, a great confusion is now being witnessed, in the brisk movements of various militarists, according to a Peiping message.

It is stated that a secret undrestanding has been established among the various militarists in the north who are not in the direct lineage of Marshal Chang Hsueh-liang to overthrow the Young Marshal and take over the full military and administrative control in the north from him.

Among these militarists, names that are mentioned are said to be Generals Shang Chen, Sung Che-yuan, Pang Ping-hsun, Kao Kwei-tzu and Hsiung Ke-wu, and General Sun Tien-ying, who is moving up north is also included.

According to them, they are planning to install either General Yen Hsi-shan or Marshal Feng Yu-hsiang as their head, through the medium of General Shang Chen, the last named who is from the Old Shansi Cliqque.

The most interesting part of the report in the same message was that General Yen Hsi-shan had some time ago been persuaded by a certain big figure in Nanking to take up the supreme military supervision in North China and that General Yen himself is now in preparation of moving into Peiping and Tientsin Districts.

It was further stated that, in order to meet the urgent necessity, the Taiyuan Arsenal in Shansi is now in full swing for the manufacture of arms and ammunition, and this created various disquieting rumors in and around the provincial capital.

Chinese Exhibits for Chicago Exposition on View in Shanghai

Up to the present, a collection of 50,000 native products and 5,000 exhibits connected with the National Revolution has been received by the Preparatory Committee in charge of the Chinese section of the Centenary Exposition of the City of Chicago. These articles will be on view at the building of the Academia Sinica, Brenan Road, Shanghai, from February 4 to 20. After examination by experts, the products will be packed and transported to Chicago for the exposition. Tenders will shortly be invited in America for the construction of the building to house the Chinese section of the Exposition.

General Han Fu-chu Releases Hundreds

With reference to reports that General Han Fu-chu chairman of the Shantung provincial government, has pardoned and released on his own authority, over two hundred convicts, the Ministry of Judicial Administration at Nanking has received a report from the Shantung Higher Court to the effect that the released convicts were all military offenders who had been arrested and imprisoned by the 3rd Route Army authorities. The Higher Court points out that this action does not constitute an encroachment upon the Judicial administration. Despite this, the Ministry has decided to send a special representative to investigate the matter, as the action of General Han has aroused criticism in various quarters.

Yu Ya-ching Honors Marshal Tuan Chi-jui

Marshal Tuan Chi-jui, chief executive of the defunct Peiping Anfu government, was the guest of honor at a tiffin given at the Grand Hotel, Shanghai, Jan. 30. by Yu Ya-ching, local shipping magnate.

The previous day Marshal Tuan was the guest of Sze Liang-tsai, publisher of the *Shun Pao*, and Tu Yueh-sen and Chang Hsiao-lin, at a party given at the World Research Institute.

Almost Nine-Tenths of Nanking's Budget Goes To Military

A total of $20,940,000 administrative and military expenses for January was paid by the Chinese Ministry of Finance. Of this amount, $18,000,000 was for military purposes.

In the United States Court for China

In re.
Estate
of
IRA NELSON BLACKWELL
Deceased

Cause No. 3508
Special Proceedings No. 810
NOTICE

Pursuant to an Order of said Court notice is hereby give to all persons having claims against the estate of IRA NELSON BLACKWELL, deceased, to present the same with vouchers to the undersigned on or before August 4th 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China. Robert Allen Crews
January 31, 1933. Administrator.
c/o British American Tobacco Co. Shanghai.

In the United States Court for China

In re.
Estate
of
TIMOTHY HERLIHY
Deceased

Cause No. 3465
Special Proceedings No. 795
NOTICE

Pursuant to an Order of said Court notice is hereby give to all persons having claims against the estate of TIMOTHY HERLIHY, deceased, to present the same with vouchers to the undersigned on or before August 4th 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China G. H. Wright,
January 31, 1933. Administrator.
c/o Hansons 7 Peking Road, Shanghai.

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Throat and Chest Troubles Generally.

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451 Kiangse Road, Shanghai.

(Product of The Dr. Williams Medicine Co., London, Toronto, Paris, New York, Singapore, Shanghai, etc.)

63-469

Men and Events

J. R. McCloskey, Jr., formerly of Shanghai, is expected to arrive here on February 13 from San Francisco.

The American Oriental Banking Corporation, with head offices in Shanghai, made a profit of $579,487 in the year 1932.

Paul F. Kops was admitted to practice in the U. S. Court for China Jan. 30. He is associated with the China Trade Act Bureau.

Usang Ly was scheduled to give the last of his series of lectures on "Makers of Modern China" at 577 Bubbling Well Road, Shanghai, on Thursday, Feb. 2.

On account of ill health, Leon Ellis, second secretary of the American Legation in China, who is at present on home leave in the United States, does not expect to come back to the Orient.

M. P. Dupuy, chief of brigade in the Shanghai French Municipal Police, is in a serious condition from an attack of meningitis, but the attending physicians express hopes for his recovery.

Dr. Oskar P. Trautmann, German Minister to China, who has been seriously ill at Peiping, is now convalescing. He has been granted leave of absence for three months by his Government in order to recuperate.

C. S. Franklin, of the law firm of Fleming and Franklin, was elected the new commander of General Federick T. Ward Post No. 1 of the American Legion, at the 12th annual meeting held at the American Club Jan. 25.

C. E. Van De Veere, manager for the Far Eastern Division of the Sherwin Williams Paint Company with headquarters in Shanghai, is expected to arrive here on February 13 from San Francisco by the *President Adams*.

The *Tass* news agency on Jan. 27 vehemently denied on behalf of Soviet Russia, a Japanese report that a secret trade agreement had been concluded between the Soviets and China aimed at strengthening the anti-Japanese boycott in China.

Dr. H. H. Kung, Envoy of the Chinese Industrial Mission to Europe and America, arrived in London Jan. 30. Interviewed, he expressed the view that the industrial reconstruction of China would be a means of overcoming the world economic crisis.

Sherrell de Florance, a French resident of Harbin, who was seized by bandits (Russian and Chinese) Oct 9 returned to his home last week. His family is reported to have paid Yen 50,000 ransom. For a great part of the time the victim was confined in a cellar.

Harold B. Say, representing the Portland Chamber of Commerce, was a passenger on the States Steamship liner *General Pershing* which passed through Shanghai last week enroute to Manila on its initial run. Mr. Say is making the round trip, boosting Oregon products as he goes along.

Shanghai's current eight-day wonder is a Russian chess player named Alekhine who has been giving exhibitions of his skill at various places including the Foreign Y.M.C.A. where he played against 44 tables simultaneously. In a blindfold exhibition he played 10 tables simultaneously, on Jan. 28.

The Ku Tien Cheng Cotton Factory and Warehouse on North Chengtu Road extension at Soochow Creek was almost completely destroyed by a disastrous fire which broke out in the morning of Jan. 30 in cotton ginning machines at the rear of the building. The extent of the loss was estimated at approximately Tls. 100,000.

Li Kuo-chieh, formerly general manager of the China Merchants S. N. Co., has submitted to the Kiangsu High Court at Nanking a lengthy petition giving reasons for his appeal against the decision of the Shanghai District Court which found him guilty of malfeasance of duty and causing unlawful damage to the China Merchants S. N. Co.

The Tls. 2,500,000 action for damages of the Greyhound Racing Association Limited (Luna Park) against Brig. General E. B. Macnaughten, former Chairman. S.M.C. and Capt. R. M. J. Martin, Extra-Police Commissioner, over the closing of the Wayside greyhound racing resort will be tried by a jury in the British Supreme Court at Shanghai February 7.

Recent Tokyo reports were to the effect that Herr Heinz Neumann, world famous German Communist, was very probably in Japan. Until recently he had been in Shanghai. Herr Neumann is a close friend of Stalin and a noted Communist leader in Germany. He was expelled from France some time ago and arrived in China last Autumn.

Escorted by the gunboat *Sien-Ning*, General Chiang Kai-shek left Nanking for Nanchang on board the *Chu Yu* at 8.50 o'clock p. m. Jan. 27 to supervise the campaign against the "Reds" under Chu Te, Mao Tse-tung and Peng Te-huai in Kiangsi province.

Sir Frederick Maze, inspector-general of customs, who has been in Hongkong and has visited customs stations in South China, was due to leave Hongkong Feb. 1 on his return to Shanghai, sailing on the s. s. *Empress of Canada*.

The Indian residents of Tokyo held a meeting under the auspices of the Indian Independence League Jan. 26, presided over by Rash Behari Bose, when they reaffirmed the Indian Declaration of Independence and passed a number of resolutions, among them being an emphatic protest against the continued imprisonment of Mahatma Gandhi without any judicial trial.

Sir Miles Lampson, the British Minister to China, who left here a year ago, returned to Shanghai during the New Year holidays. He was the guest of the Japanese Minister at luncheon Jan. 28, a guest of the Mayor of Greater Shanghai at luncheon Jan. 30 and the guest of the British Chamber of Commerce at dinner in the evening. Sir Miles has in the meantime proceeded to Nanking.

The Shanghai Russian newspapers report that with the opening of communication from the outlying towns, Harbin is "flooded" with milk and butter, which are being sold at cut prices. The Russian shops in Shanghai are at present offering Manchurian produced butter at prices considerably under that of butter imported here from Australia and the United States.

Chinese Newspaper Correspondent Murdered in Nanking

One of the most sensational murders ever perpetrated, in the Chinese capital occurred on the afternoon of Jan. 31 when Wang Wei-sen, the correspondent of the *China Times*, a Shanghai daily newspaper, was "taken for a ride" by two unknown men, who shot him to death in the "Square Park," a famous spot near the Ming Tombs. It appears that two young men called on Wang Wei-san at two o'clock in the afternoon and informed him that some friends were waiting for him in a local hotel. They conveyed him to a waiting motor car and drove off towards the Mausoleum Park. Mr. Wang was shot in the back of the head, the bullet piercing has skull, and emerging from his nose. Death was apparently instantaneous.

With his body was found a note declaring that he had been in secret communication with "enemies" and that, despite repeated warnings from the Blood Brotherhood Association, he had continued his "traitorous activities." "The Association has therefore decided to execute him," the note concluded.

Messenger Disappears with $100,000 in Gold Bars

Advertisements in the Shanghai Chinese newspapers during the week headed "Twenty thousand dollars Reward" detailed the fact that a youthful messenger boy who had been entrusted with 18 packages of gold bars belonging to various Hankow silver and gold hongs, valued at $100,000 which he was to deliver upon the arrival of the s.s. *Wuchang* in Shanghai recently to various exchange shops, mostly in Nanking road, had disappeared together with the treasure. The reward is to be paid for information as to the messenger's whereabouts. The Police state that the disappearance was not notified to them until three days later.

University of Nanking Sends Botanical Expedition to Kwangsi

On January 28 Dr. Albert N. Steward, S. Y. Cheo and Cheo Hoh-chang, of the Department of Botany of the University of Nanking, left Shanghai on an expedition to Kwangsi Province. The purpose of this expedition is to make intensive botanical collections in the southern part of that province. This is the second of a series of such explorations in which the Arnold Arboretum and the Farlow Herbarium of Harvard University, and the New York Botanical Garden are co-operating with the University of Nanking. The first expedition under this program was made during the last half of 1931 to the northeast of Kweichow Province.

Who's Who in China

Chang Tung-sheng, author and university professor; born at Hangchow Chekiang, 1886; was graduated from Department of Philosophy of Imperial University of Japan at Tokyo; participated in the First Revolution in 1911 and was appointed secretary of the Ministry of Interior of Nanking Provisional Government; editor of the *Righteousness Magazine*, in which he denounced the imperial aspirations of Yuan Shih-kai; following the overthrow of Yuan Shi-kai, he was appointed chief secretary of the Senate of the Peking Government; editor of the *China Times*, Shanghai; acting president of China National University at Woosung, Shanghai; principal of the College of Arts of Kwanghwa University, Shanghai; now, professor of philosophy of Yenching University. Peiping; author of "Series of Treatises on New Philosophy," "Ethical Philosophy," and other works mostly on the similar subject; an ardent follower of the late scholar Liang Chi-chao; address: Yenching University, Peiping.

張 東 蓀

Chang Tung-sheng

張東蓀，浙江省杭縣人，今年四十七歲，日本東洋大學哲學系畢業，參加辛亥革命，任南京臨時政府內務部秘書，主辦正誼雜誌反對帝制，倒袁後，任參議院秘書長，時事新報主筆，中國公學代理校長，光華大學文學院長，現爲燕京大學哲學教授，著述有新哲學論叢與道德哲學等數種。

W. R. Hearst Said to be Supporting China

Even the Hearst newspapers in the United States, which heretofore adopted a policy of hands-off in the Sino-Japanese dispute, have now started a vigorous campaign against Japanese goods after the loss of Shanhaikuan, according to Dr. David Z. T. Yui, prominent Chinese social worker at present in Washington, D. C.

A *Central Press* telegram from Canton in this connection stated: "William Randolph Hearst is the owner of about 30 newspapers scattered in different parts of the United States, there being at least one Hearst paper in each important American city. From the very beginning of the Sino-Japanese dispute, the Hearst papers voiced disapproval of any measures against Japan and counselled the American government to steer clear of the Manchurian impasse. Japan looked upon the Hearst chain papers as a medium to hurl their invectives and diatribes against China, since the other American papers are very critical of Japanese positive policy toward China. In well-informed circles here, the change of tone on the part of the Hearst papers is regarded as highly significant in that this eliminates the only discordant note in the press chorus criticizing Japanese invasion of China."

India Seeks Closer Business Relations with Japan

A report has been received in Tokyo stating that an Indian business mission of 40 members will visit Japan during February. The object of their visit is to draw closer the economic bonds between India and Japan.

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In the United States Court for China

In re. Last Will & Testament of CARSON W. COX, Deceased	Cause No. 3502 Special Proceedings No. 808 NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Crason W. Cox, deceased, to present the same with vouchers to the undersigned on or before July 15, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China,
January 5, 1933.

Vercia Pitts Cox,
Luho, Ku.,
China.

New Books of Interest in the Far East

Diagnosis and Prognosis of the U.S.A.

Must We Starve?, by Scott Nearing; The Vanguard Press, New York City. The Crisis of Capitalism in America, by M. J. Bonn with an introduction by George S. Counts; The John Day Company, New York City.

The great economic depression in the United States, like the Far Eastern situation, has inspired enough books to fill many shelves, but most of them are hardly worth reading. Dr. Nearing's volume, however, is a distinct exception; whether or not one agrees with his conclusion that socialization is the only way out of the present mire, he has nevertheless given a clear, concise analysis of hard times that cannot be disputed unless the statistics that are invariably mustered from soundly conservative sources are ignored.

Dr. Nearing's analysis is fundamentally Marxian, and while Marx assuredly underestimated the length of fairly efficient life of the capitalist system, it is today beyond doubt following the course he predicted more than half a century ago. So far it is being succeeded considerably more by chaos than communism, but regardless of what the future may hold the time has come when it must be recognized that Marx alone of all economists save his followers offers the only rational explanation of the plight of the modern world, including such a paradox as is found in America where millions are jobless and either starving or on the verge of starving while the land is overflowing with enough commodities to not only adequately feed and clothe everyone, but to provide a fair amount of luxuries for all.

Since Marx himself required three huge volumes to outline his theory, it cannot be summarized briefly, but one salient point is that capitalism is a system of production for profit of the capitalists and not for human welfare; hence the overwhelming bulk of its bounty goes to the few and not to the many. Put into statistical form for modern America, as Dr. Nearing points out, wages for workers in the beginning of 1929 (when prosperity was at its height) were less than in 1926 although production had shown a considerable increase. Further, after the depression started and millions were being thrown out of work, prosperity continued for a time for those who owned bonds and shares. Wages, for example, declined 25% from October, 1929, to October, 1930, while interest and dividend payments increased 8%. Even in 1931—the second year of depression for the workers—interest and dividends were slightly higher than in 1930. And today there are many incomes in America in excess of G.$1,000,000 a year.

Another aspect of capitalism from the Marxian viewpoint is that every technical advance in efficiency of production must inevitably throw many out of work, for no capitalist can afford to hire more men than he needs to produce profitably. And machines have now reached such perfection in displacing human labor that many industries —the textile industry, for example—can supply the world's market by operating only at slightly over one third of capacity. Thus about two thirds of the textile workers are no longer needed for production on a capitalistic basis.

Because of the present mechanical efficiency, there are today, Dr. Nearing estimates, 40 to 50 million workers with twice that many dependents, or more, in the capitalist world, excluding continental Asia (which he says is pre-capitalistic), who are unneeded in capitalistic society until another war starts. They face and will continue to face starvation or near-starvation, depending on whether they are supported by charity as in America, or by a dole as in Germany and England.

Such, very briefly, is the present plight of not only America, but the rest of the capitalist world, and Dr. Nearing sees no way out under capitalism since production for profit with increasing mechanical efficiency must inevitably lower wages (for machines require only a small amount of skilled, well paid labor) and increase unemployment, all of which in turn reduces the market for manufactured goods and thus increases unemployment still further. Consequently, capitalism finds itself in a never-ending vicious circle.

Besides Dr. Nearing's book, Mr. Bonn's volume seems very trivial and superficial. It contains far more generalities than specific facts, and many of the allegations he essays are incorrect. He finds a kind word for installment buying although, as Dr. Nearing points out, it resulted in a worker in 1927 being indebted to the limit of his income for goods manufactured in 1925 and consequently unable to buy any similar products of 1926 and 1927. Certainly installment buying speeded up production for a brief time, but in the end it was one of the major reasons for the over-production that was directly responsible for the beginning of the depression.

Mr. Bonn also ventures the interesting theory that "Russian communism....has in many respects less resistance to overcome in the United States than in Europe, where tradition is stronger and individualism more intense." That is a typical specimen of a variety of idiocy current among many purported scholars of western Europe; if communism comes either in America or western Europe it will be because hungry men and women have reached the conclusion that they cannot obtain food under capitalism. Neither individualism nor tradition can flourish in starvation, but whether the starving have the will and energy for change remains to be seen.

W. B.

A Review of 13 Years of German Politics

"Schuldbuch der Republik" (The "Debt Book" of the German Republic), by Reinhold Wulle. Published by Rethra Verlag, Rostock Stiff cover, Marks 2.85; Linen, Marks 5.

This is a noteworthy book by a German leader. The Parliamentary parties in Germany have come to the end of their usefulness. The Parliamentary system is nearing its end. The most capable and most skilful circles now gather together outside the Parties and try to reconstruct a New Germany outside of Parliament. The last few years in Germany have demonstrated that no permanently constructive policy can be built up with the Reichstag. Reinhold Wulle, former Reichstag deputy and former member of the Prussian Parliament, stands in the forefront among the leaders of the extra-parliamentarian movement. At present he is not connected with any parliament; he belongs to none of the parties. For the last several years he has thrown the weight of his power strongly against all parties and parliamentary systems. As the leader of "The National Movement for the Freedom of Germany" in 1931 he brought out a fundamental work entitled, "Die Sendung des Nordens—der Sinn des deutschen Freiheits-kampfes" ("The Mission of the North, the Meaning of the German Struggle for Freedom"), which was referred to in *The Review* of Feb. 27, 1932. This book created a furore in all political circles.

And Reinhold Wulle was right. The parliamentary Cabinet of Bruening was a "Presidial Cabinet" only made possible by the confidence of the Reichs-president. for no government could be formed any more with the Reichstag —it had eliminated itself.

Then came von Papen's Cabinet, which was in an even greater degree a "Presidial Cabinet." Reinhold Wulle threw the whole weight of his movement and press (the *Deutsche Nachrichten* in Berlin) behind the Cabinet. He greeted the coming "authoritative state."

In those weeks Reinhold Wulle brought out his newest work, the English translation of which is "The Debt Book of the German Public—Thirteen Years of German Politics." In masterly form, with his celebrated classic and brilliant journalistic style, the author writes the history of the German Republic from 1918 to 1932. A vibrant document concerning political impotence is here presented, based on pure fact. Any one who wishes to judge of the developments that will occur in Germany during the coming years should not overlook this historic work by Wulle. The very fact that Wulle stood in the closest and most direct touch with von Papen's cabinet and that he had the same close touch with the von Schleicher cabinet indicates what importance this publication of Wulle's connotes. Any one who in the past predicted that Reinhold Wulle, the author, would probably play an important role in future German politics could today cite proof of his assertion. The real decisions are made behind the scenes.

It is worthy of mention in this connection that Reinhold Wulle is an opponent of the National-Socialist Party, particularly Herr Hitler's, and that it is exactly he that is causing to-day a crisis of decisive importance. All

those things indicate that a decision in German affairs is imminent.

In these circumstances any one who wishes to keep in touch with German politics will turn to this latest fundamental work of Wulle's entitled, "The Debt Book of the Republic."

Canton, Jan. 20, 1933. EDMUND MINKNER.

The Tale of a Chinese Orphan

Lim Yik Chow, by Charles R. Shepherd. Fleming H. Revell Company.

Dr. Shepherd has written Lim Yik Chow, the story of a Chinese orphan, evidently filled with a burning purpose. He wishes to aid the abolition of racial prejudice and the cause of the Christian Americanization of the alien in the United States. His thesis, if read in America, will seem quite plausible. However, the reviewer in China will find many discrepancies of the Chinese scene. And largest of all is the query: How could an orphan Chinese boy legally enter America, sometime around 1918?

The author has a good theme, and one which could have been developed into a really worth-while novel. He attempts to tell of the life of a young alien, what he encounters, various predicaments, his education toward a high purpose, and ends it all by sending him back to China with a charming bride to take up a career of consecrated Christian service.

The style is sincere but not smooth and lacks grace. The choice of words could have been much improved. The chapter headings are a distinct drawback because of their triteness.

Leaving aside literary excellence, or lack of it, the tale itself is a live one, a stimulating one. Americans and Chinese who really think of the problem of the Oriental in America should read the story of a Chinese orphan, not as a novel but as a psychological and sociological study of an important task in need of workers who earnestly desire to assist the cause of humanity.

G. T. F.

Shanghai Power Co. Transfers Municipal Mortgage to H. & S. Bank

The Hongkong and Shanghai Banking Corporation announced Jan. 31 that they have underwritten Tls 33,000,000, principal amount of Shanghai Power Company 5½% First Mortgage Debentures. The Bank' has formed a syndicate composed of

Hongkong and Shanghai Banking Corporation,
Chekiang Industrial Bank, Ltd.,
International Savings Society,
Benjamin & Potts,
Swan, Culbertson & Fritz.

A total of Tls. 13,000,000 of these debentures have been privately placed and the balance of Tls. 15,000,000 will be offered to the public in the immediate future.

These debentures will be offered at Tls. 96 and accrued interest for each Tls. 100 principal amount and will yield over 5.75 per cent.

The funds thus raised are being used to pay off the balance due to the Shanghai Municipality, an agreement having been made with the Council to transfer the mortgage now held by the Municipality to the Bank.

1,700 Airplanes in 6 Months China's Aim

"1,700 military 'planes in six months."

This is the goal aimed at, according to a set of measures adopted at Nanking Jan. 30, at an informal meeting of the C. E. C.

The measures provide for contributions from the people in every hsien (district) throughout the country for the purchase of airplanes. The number of planes which each hsien is to be called upon to contribute will be decided upon in the light of its population and economic conditions. Contributions are to be obtained both from the people and Government officials. Special committees composed of representatives from Party and Government organs and civic organizations will be established to take charge of the collections.

A campaign will be launched to extend over six months, during which it is expected that funds will be secured for the purchase of a total of seventeen hundred airplanes on the basis of one hsien contributing one airplane.

South Seas Chinese Donate 10 Fighting Planes to Nanking

Southe Seas Chinese have donated 10 fighting airplanes to the Chinese Government. It is understood that the airplanes are already on their way to Shanghai.

"The Peiping Chronicle"

Peiping's English Language Daily

"THE PEIPING CHRONICLE" presents news impartially and promptly, interprets current events in a sane and liberal spirit, and editorially supports progressive and constructive policies.

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"Chronicle"

CUSTOMS NOTIFICATION NO. 1271

The public is hereby notified that in accordance with Government instructions interport duty on native rice, paddy and wheat will be abolished, and that free coastwise movement of these commodities will be permitted, as from the 1st February, 1933. Huchao will be no longer necessary but the bond procedure for all grain shipped to Chinese ports remains in force.

H. O. Tong,
Superintendent of Customs

L. H. Lawford,
Commissioner of Customs

CUSTOM HOUSE,
Shanghai, 27th January, 1933.

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The National City Bank of New York, Rates of Exchange

Shanghai, Feb. 1, 1933.

Demand selling rate on America:	U.S. $100=Sh. $493.50
Demand buying rate on America:	U.S. $100=Sh. $484.36
Demand selling rate on London:	£1.0.0=Sh. $ 16.77
Demand buying rate on London:	£1.0.0=Sh. $ 16.42

JAPANESE ARMY MAKES ACTIVE PREPARATION FOR THE DRIVE INTO JEHOL

(*Continued from page 403*)

Nine will not deal with the non-recognition of Manchukuo because of Britain's pro-Japanese attitude. This, it asserts, not only runs counter to the policy of the Chinese government, but also violates the decision adopted at a meeting of the League on March 11 last year.

Japanese to Invade Jehol Via Kailu

A Chinese message from Peiping states that 50,000 Japanese troops are to be employed to invade Jehol via Kailu and Lingnan and to attack the territory east of the Lwan Ho (River). It was reported Jan. 29 that the Japanese Field-Commander's Headquarters is to be established at Chinchow with Major General Umetsu of the Tokyo General Staff directing the campaign. Heavy troop transportations are taking place along the so-called Mukden-Shanhaikwan railway. Five Japanese warships are standing by at Hulutao and Lienshanwan.

Under the protection of two Japanese airplanes, 1,000 combined Japanese infantry and cavalry units and one regiment each of Manchukuo troops advanced on Fowhsih, eastern Jehol, by way of Sinlitun and Changwuyingtse.

The volunteers under Li Hai-ching and Liu Kuei-tang attacked the Japanese from ambush.

Southern Jehol Villages Forced to Hoist Manchukuo Flag

A recent message from Chengli reports that the Japanese have forced the inhabitants of Hungmiaotse, Lishukow and the neighboring villages of Lingnan district, southern Jehol, to hoist the Manchukuo flag and placard the streets in welcome to the Japanese. While forced to obey the orders of the Japanese, the people secretly continued the organization of militia corps. This was discovered by the Japanese, who retaliated by razing and burning down three villages.

Japanese Repair Shih Ho Bridge

Under the protection of 500 Japanese units and 2 armored trains, the Japanese have repaired the iron bridge spanning the Shih Ho (River). One Japanese armored train demonstrated at the Shih Ho front Jan. 27. Simultaneously, two Japanese airplanes scouted over the Chinese lines at the Sha Ho and Shih Ho fronts.

Kailu Bombed by Japanese

The headquarters of General Li Hai-peng, volunteer commander at Kailu and many other military buildings in Kailu were completely destroyed as the result of Japanese bombing on January 22 and 23.

On the morning of Jan. 26 Japanese airplanes conducted another raid on the city of Kailu. For one hour the bombardment continued, and a large number of houses were destroyed. The inhabitants were forced to flee to the mountains for refuge.

Japanese Bomber Is Now Reported Missing

A Japanese military plane, which left Tungliao on the morning of Jan. 24 to bomb Chinese volunteers north of Kailu is reported missing, according to a Japanese report. Captain Kitano and four others manned the plane.

Taheiho Taken Over by Manchukuo

Taheiho, the important border town opposite Blagoveschensk, on the Amur, has been formally taken over by Manchukuo officials headed by General Chou Tso-lin. Control of the city is said to have been relinquished by General Hsu Ching-teh, who, it is claimed in Japanese telegrams recently surrendered and pledged allegiance to Manchukuo.

Canton Expresses Determination to Resist the Japanese

The Kwangtung Committee for Commemorating the Sino-Japanese War at Shanghai has released for publication, messages addressed to Nanking, to commanding officers at the front and to public bodies throughout the country.

These messages request the Nanking leaders to resist the Japanese and pledge the support and sacrifice of the 30,000,000 people of Kwangtung.

Officers at the front are besought to fight like the 19th Route Army did around Shanghai a year ago and so to fulfil the hopes of the people. The soldiers are asked to defend the nation's existence and the glory of the Chinese race.

The telegram to public bodies exhorts the whole nation to face the national danger and to recover the lost territories. They are also urged to persuade the Central Government to meet the enemy force by force.

Latest New York Stock Exchange Quotations

Market—Irregular **Business Done 660,000 Shares**

Feb. 1, 1933

1932-3 High	Low	Div.$ per Sh.	STOCKS	Mon. Jan. 30	Tues. Jan. 31
9½	1⅝	—	Adams Express	4⅝	4⅞
88¼	42½	*6.00	Allied Chemical & Dye	85⅝	85¾
15⅝	4	—	Allis Chalmers	7¼	7½
73⅞	29⅝	*4.00	American Can	60⅝	60⅞
15	2	—	American & Foreign Power	6⅝	6½
38½	5	—	American & Foreign Power 7% Pfd.	11	11¼
10	1⅛	—	American Metal Co.	4	3⅞
27¼	5½	—	American & Foreign Power Warr.	Unq.	4¾
137⅝	70¼	9.00	American Smelting	13¼	13½
89¾	44	*5.00	American Telephone & Telegraph	104⅞	104½
84½	11	2.00	American Tobacco "B"	61	60¾
19⅝	8	—	American Waterworks	16⅝	16⅝
151¾	28¾	*4.00	Anaconda Copper	7½	7⅝
21⅜	3¾	—	Auburn Automobiles	46½	46¼
29⅝	7¼	—	Baltimore & Ohio	10	10¾
43½	20	*2.00	Bethlehem Steel	14½	14¾
14¼	3⅝	—	Borden Company	20⅝	21⅛
20⅝	7¼	—	Borg Warner	8¼	8¼
65¾	16¾	—	Canadian Pacific Railway	11¾	11⅝
47⅞	19	2.00	Case, J. I.	46	45¾
20¾	4⅞	2.00	Chase Bank	34½	33¾
21¾	5	1.00	Chesapeake Corp.	18⅜	18⅛
21	4¼	1.00	Chrysler	13⅜	13⅜
5½	1⅝	—	Columbia Gas & Electric	15¾	14⅝
1	1/16	—	Commonwealth & S. uthern	2¼	2⅝
68¾	31½	4.00	,, ,, Warr.	⅜	5-16
9⅜	3⅝	—	Consolidated Gas of N. Y.	58¼	67⅝
55⅝	24¾	*3.00	Continental Oil	5⅛	5⅛
7⅝	1½	—	Corn Products	54¾	55
3¼	⅞	—	Coty Inc.	4	4
18⅝	5	.75	Curtiss Wright Cor gany	2¼	2
57	23	4.00	Douglas Aircraft	12⅝	12⅝
59¾	22	2.00	Drug Incorporated	35½	35⅝
87⅞	35¼	3.00	Du Pont de Nemours	39⅝	39½
48	5	6%S	Eastman Kodak	58⅝	58½
16	2¾	—	Electric Bond & Share	17¾	17½
5⅞	1	—	Electric Power & Light	6½	6
26⅛	8½	.40	Fox Film "A"	1⅞	1⅞
40½	19⅝	2.00	General Electric	15⅛	15⅛
24⅝	7⅝	1.00	General Foods	24	24
28⅝	6½	1.00	General Motors	13⅝	13⅝
24¼	10⅜	1.00	General Railway Signal	18⅝	19¼
20⅝	8¼	1.60	Gillette Safety Razor	17⅝	17⅝
29¾	5½	—	Gold Dust	14⅜	14⅝
18¾	3⅝	—	Goodyear Tire & Rubber	15¾	15
1⅞	½	—	International Cement	8¼	Unq.
34½	10⅞	1.20	International Com. Engine.	⅝	½
12½	3½	—	International Harvester	22	22⅛
15¾	2⅝	—	International Nickel	7¾	8
33⅝	10	—	International Telephone & Telegraph	7	6⅞
19¼	4⅞	—	Johns Manville	Unq.	21
9½	1/32	—	Kennecott	9	9¼
57¼	32½	*4.00	Kreuger & Toll	1-16	Unq.
87¾	13¼	*3.00	Liggett & Myers, "B"	59¾	59½
18⅜	9	1.20	Loew's: Inc.	16	16⅛
11⅜	1½	—	Lorillard P. Co. (Com.)	12¾	12¾
16½	3½	—	Ludlum Steel	5⅞	5⅝
64½	23¾	2.00	Montgomery Ward	13⅞	14¼
10¼	2½	—	National City Bank (bid price)	43¾	43¾
36⅝	8¾	—	New York Central	19¼	20¼
43¼	13¾	10%	North American Company	28	28⅜
87	16⅞	2.00	Pacific Gas & Electric	30	29¼
5¼	1½	—	Packard Motors	2⅜	2⅜
11⅛	1½	—	Paramount—Publix	⅞	⅞
23⅜	6½	—	Pennsylvania Railroad	18¾	18¾
4⅜	1	—	Pennroad Corporation	1½	1½
8⅜	2	—	Phillips Petroleum	5¾	5¾
60	28	3.20	Public Service of N. Jersey	58	51½
12⅛	2½	—	Radio Corporation	4⅝	4⅝
7⅝	1½	—	Radio-Keith Orpheum	1⅝	1⅜
40¼	26½	3.00	Reynolds Tobacco "B"	32	32⅛
37⅝	9⅞	—	Sears Roebuck	19⅝	19⅝
8⅝	2½	—	Shell Union	4¾	4⅝
13¼	2¾	—	Simmons Company	6¾	6⅝
12¼	5¼	.40	Socony-Vacuum Corp.	6⅝	6¾
23¾	15¾	2.00	Southern California Edison	26	25⅝
24¼	7⅝	2.00	Standard Gas & Electric	12¼	11⅞
37⅝	19⅞	*1.00	Standard Oil of N. Jersey	Unq.	29¼
18¼	9¼	1.00	Texas Corporation	13⅜	13⅜
26¾	12	2.00	Texas Gulf Sulphur	23⅝	23⅝
7½	2½	—	Trans America	5	5
36⅜	15½	1.20	Union Carbide & Carbon	26⅝	26⅞
94½	27⅝	6.00	Union Pacific Railway	75	76
34⅜	6½	—	United Aircraft & Trans	26½	26¼
14	3½	.40	United Corporation	8⅝	8⅜
22	9¼	1.20	United Gas Improvement	19¾	19¼
10½	1¼	—	U. S. Rubber	4¼	4⅛
52⅝	21¼	—	U. S. Steel	27⅞	28¼
23¾	5¼	—	Vanadium	12¼	12
4½	½	—	Warner Bros. Pictures	1¼	1¼
43½	15⅝	—	Westinghouse E. & M.	29	28⅞
25⅝	22	2.40	Woolworth	32⅝	32¾
*Plus Extras			Call Money	1%	1%

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